

**2013 Employment and
Labor Policy**

in Korea

Message from the Minister

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Minister of Employment and Labor
Phang Ha-nam

It is a great pleasure to publish the revised edition of “Employment and Labor Policy in Korea” which contains the major achievements of Korea's employment and labor policies.

This book covers the major policy tasks that the government has pursued, including the establishment and implementation of the “Roadmap to Achieve a 70% Employment Rate”, which was drawn up based on the “Tripartite Jobs Pact” in the first year of the Park Geun-hye administration.

This year, the government came up with a new blueprint for employment and labor policy and gained momentum of change with the aim of creating ‘a country where all citizens can fully display their abilities in the jobs they want’. As a result, positive signs are beginning to emerge with the employment rate for those aged 15~64 hitting 65.3% in November 2013, the highest since recording began in 1989.

For a start, the Ministry have focused on preventing women's career disruption due to childbirth or child-rearing and encouraging female employment by promoting childcare leave and creating decent part-time jobs. Additionally, in an effort to provide more jobs to young people, we paved the way to a society emphasizing individual competency rather than academic background, and laid the foundation for expanding job opportunities for youths, for example by resolving the mismatch between labor supply and demand in small and medium enterprises and supporting overseas employment. Moreover, we introduced a system that can offer customized employment and welfare services, which used to be separated, in an integrated manner.

In 2014, we will step up our efforts to implement and improve the new administration's employment and labor policy established in 2013, and produce tangible outcomes which will directly effect, and be felt by out citizens.

The Ministry also seeks to break the old labor market paradigm characterized by long working hours and confrontational labor-management culture and set up a new employment and labor system through tripartite dialogue.

I sincerely hope that this book provides readers with a clear understanding of the labor market situation and employment and labor policies in Korea.

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Korea at a glance

2013 Employment and
Labor Policy

in Korea

Geography and Demographics

- **Official Name**_ The Republic of Korea
- **Area(2012)**_ South Korea is 100,188 in area.
- **Climate**_ Korea has a relatively temperate climate with four distinct seasons and heavy rainfall in summer. Winter is cold.
- **Capital**_ Seoul. Other Major Cities: Busan, Daegu, Daejeon, Gwangju, Incheon,Ulsan
- **Population(2012)**_ 50,004 thousand
- **Population growth rate**_ 0.5%
- **Life Expectancy(2012)**_ 81.4 years, (Male 78 years, Female 84.6 years)
- **Language**_ Korean belongs to the Ural-Altai family of Languages. Others in this group include Turkish, Mongolian, Kazakh, Uzbek.
- **Writing system**_ Hangeul, the Korean alphabet invented by King Sejong the Great in 1443, consists of 10 vowels and 14 consonants.

Economy(2012)

- **GDP_** \$1,272.4 billion (tentative)
- **Per-capita GNI_** \$ 22,708 (tentative)
- **Monetary Unit_** Won
- **Economic Growth Rate_** 2.0% (tentative)
- **Trade Balance_** \$ 28.29 billion (Exports = \$ 547.9 billion, Imports = \$ 519.6 billion)
- **Consumer Price Increase_** 2.2%

Major Labor Indicators(2013)

- **Economically active population_** 25,873,000 persons
- **Employment rate(15~64)_** 64.4%
- **Number of employed_** 25,066,000 persons
- **Unemployment rate_** 3.2%
- **Number of trade unions('11)_** 5,120
- **Trade Union Density('10)_** 9.8%
- **Number of union Members('11)_** 1,719,922 persons
- **Industrial accident rate_** 0.59%

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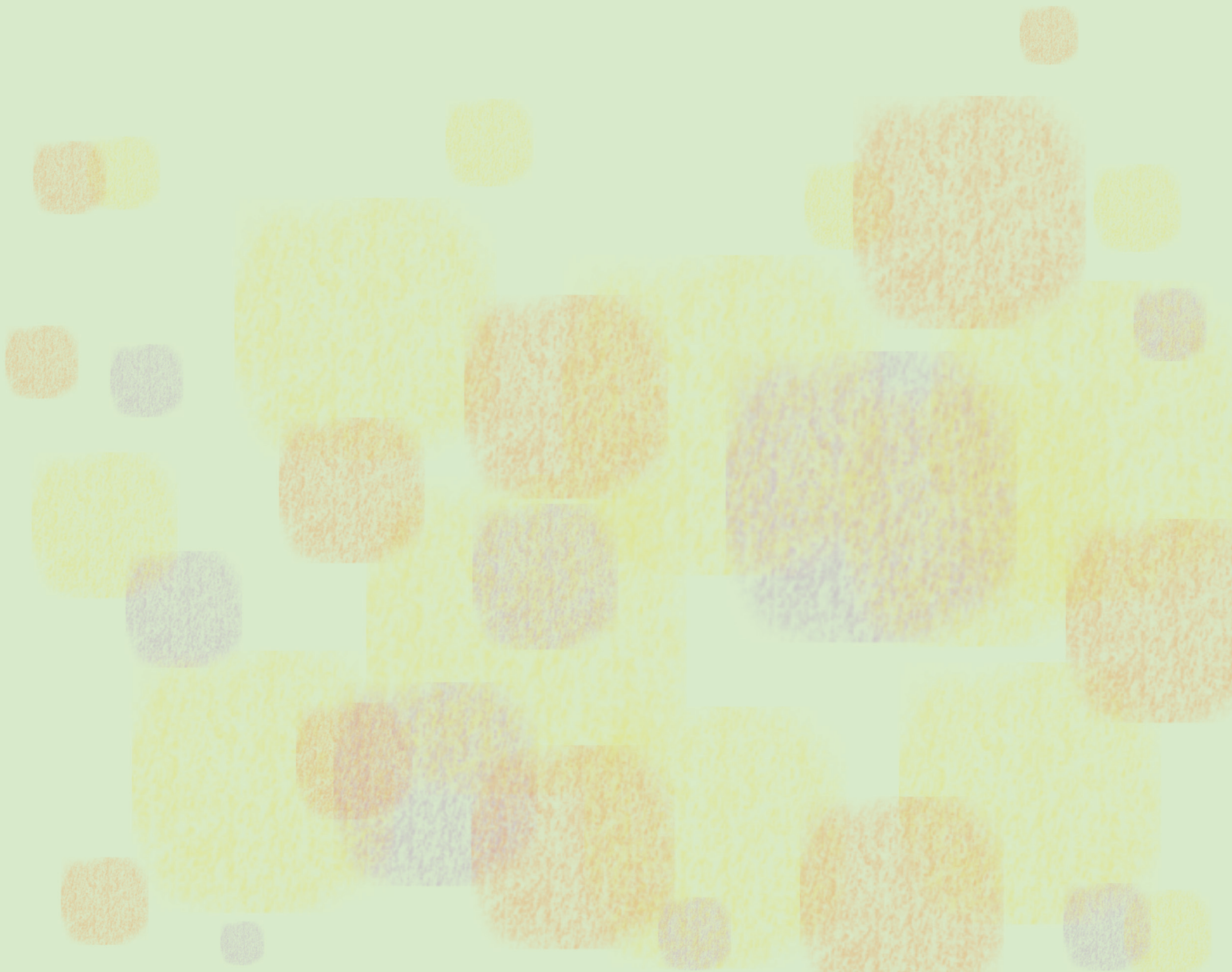
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2013 Employment and Labor Policy in Korea

Part 1
Major Policy Agenda
for 2013



Major Policy Agenda

With the vision of "Work Together, Happy People" the Park administration, which was inaugurated in 2013, has been implementing employment and labor policies to achieve the goal of a 70-percent employment rate and thus to restore the middle class to 70 percent of the total population. Amid all the difficulties at home and abroad, including the prolonged global recession, the government has set an employment rate, instead of a growth rate, as the key national agenda, moving towards a new paradigm that considers all areas in the context of employment. To this end, all Ministries are working together for job creation.



1. Increase people's happiness through work

1-1. Establishing a foundation for the expansion of youth-friendly employment

The government promotes the "K-move" Project to encourage young Koreans to lead the global society. Also, to expand decent work for the young people, a step by step process will be employed to increase the number of jobs in the social service sector, including education, security and welfare. Internship programs will be expanded, so that Young people acquire required skills by participating in hands-on training at venture companies.

1-2. Improving gender equality and women's participation in the labor market


The government expands maternity and childcare support for women to help them continue their careers. In addition, to encourage male workers to apply for the childcare leave, the government plans to introduce "Fathers' Month", a program that will allow fathers to take one-month leave within three months of their children's birth.

The government is fully committed to create decent part-time jobs* in the public service, education and health sectors to ensure that highly-educated women can capitalize on their knowledge and expertise. In addition, continuous efforts will be made to promote flexible working arrangements such as telework and smart work by the use of advanced technologies.

* Decent part-time jobs refer to jobs that meet voluntary personal needs(education, childcare, phased retirement), are free of discrimination, and guarantee basic working conditions.

1-3. Extending the retirement age and enhancing support for the re-employment of the elderly

The National Assembly passed a revision bill that extends the retirement age to 60 or older and this bill will be enforced in 2016 in several phases, based on workplace size. In addition, the government will encourage employers to extend the employees' retirement age voluntarily by increasing employment support benefits.



The government will help workers prepare for re-employment prior to their retirement by providing various programs and outplacement services. Employment service centers for middle-aged and elderly workers and outplacement centers will be restructured to enhance their expertise.

1-4. Promoting employment for people with disabilities.

To Fostering a competent workforce by providing tailored training to meet employers' needs, More “Work Together Centers” was organized (two centers run on a pilot basis in 2012→six centers operates in 2013). These centers offer inclusive employment services that range from employment, training to welfare services.

1-5. Fostering Social Enterprises

The government will expand indirect support services, such as business project development, new sales channels, and so on. To create sustainable environments for social enterprises, a variety of fundraising methods will be introduced to expand the private capital market and promote the growth of SMEs.

1-6. Addressing the practice of working long hours

The government is Reforming working hours and work arrangements. In addition, tailored package services are provided to companies to encourage voluntary improvements to their shift work systems. Reductions in working hours should lead to job creation.

1-7. Promoting employment-friendly policies

The government will Enhance the ‘Employment Impact Assessment’ system in pursuit of job-centered policies

To Focuseon job creation, The government established the “Roadmap to the achievement of 70% employment rate”, as a blueprint for the next 5 years. The goal is to restore the middle class to 70% and to initiate an erilmoa.go.kr), a comprehensive employment support system. a focused on people’s happiness.

2. Improve job quality to help people find hope through their work

2-1. Enhancing non-regular workers' employment stability and eradicating workplace discrimination

The public sector has taken the lead in converting non-regular workers engaged in jobs of a permanent and continuous nature to regular status (on open-ended contracts) and in disseminating guidelines to implement new measures to ensure better working conditions for non-regular workers in the public sector.

Large companies have been encouraged to make voluntary improvements to their employment structures. The government initiated the “Employment type and status disclosure System” that requires large companies to disclose their employment situations for different types of employment.

2-2. Protecting all workers in different employment types

The government will develop comprehensive protective measures, such as the extension of employment insurance coverage and industrial accident compensation insurance coverage to people who work in special types of employment.

Companies will be encouraged to improve working conditions voluntarily by signing the agreement to comply with the “Guidelines for the protection of in-house subcontractors’ employees”. Best practices will be publicized for other companies.

2-3. Ensuring low-income workers' basic livelihoods

The government intends to set reasonable minimum wage standards and draw up a roadmap with several phases for the goal of reaching the reasonable wage levels.

To establish a system that can detect in advance those workplaces most likely to delay wage payments, the government will increase its cooperation with the Nation Health Insurance Service.



2-4. Supporting SMEs to ensure further growth

The government will establish the “Joint Human Resources Management System” to provide SMEs with recruitment and training services.

* This program is supported by the Employment Service Center, the Human Resources Development Service of Korea and Polytechnics.

To enhance economic vitality and relieve labor shortages at industrial sites, the government will promptly supply foreign workers and attempt to secure skilled labor.

3. Provide tailored employment services and skills development so people can obtain better jobs

3-1. Employment services tailored to meet current demands

The government plans to establish a pan-government integrated job information management system to provide tailored employment and welfare services to jobseekers by connecting job information and welfare information networks.

3-2. Lifelong skills development

Continuous efforts will be made to promote successful labor market re-entry by women and baby-boomers by offering skills development services tailored to each life stage.

The government will improve vocational training systems to meet employers’ demands by reforming high schools and colleges specialized in skills development. It will improve the “My Work Learning Card System(individual training account system)” so that the quality of vocational training by private institutions can be greatly enhanced.

4. Create secure and safe workplaces

4-1. Creating safe and pleasant workplaces

It is planned to require small-sized workplaces to appoint officials in charge of workplace safety and health.

By strengthening risk assessment and introducing the Schedule Rating System in Workers' Compensation Insurance to businesses excellent in accident prevention, we will support businesses' voluntary activities for accident prevention.

The government plans to expand the category of materials to be included in the Process Safety Management(PSM) report and the scope of businesses subject to PSM report submission to prevent major industrial accidents such as fires, explosions, and leaks, and so on.

4-2. Enhancing efforts to promote employment stability in response to business fluctuations

The government plans to amend the Labor Standards Act to strengthen businesses' efforts to avoid dismissals in the event of corporate restructuring. In addition, the working hours saving scheme that allows workers to accumulate overtime working hours when there is a lot of work and take paid leaves for the same number of hours during economic downturns will be introduced.

Areas in which the employment situation has worsened, resulting in mass layoffs, and so on, will be declared a special zone and be provided support.



5. Move towards 'future-oriented, win-win labor-management relations'

The government strives to reach a grand tripartite compromise to increase employment rate and to address job issues, including overtime work, retirement, and temporary workers.

Labor and management are encouraged to achieve autonomous settlement of disputes between them, respecting the value of the compliance with law and order, trust and agreement in addressing issues of labor-management relations. Therefore, illegal activities such as shutdowns, wildcat strikes, aggressive lockouts, unfair labor practices will be eradicated and stringent legal actions will be taken according to laws on the occurrence of aforementioned cases.

The government will focus on the prevention of labor-management disputes in the workplace, making efforts to initiate dialogue or negotiations between parties, and establish supplementary and reasonable measures to improve multiple unions system and working hours exemption system.

Part 2

Employment Policy in Korea

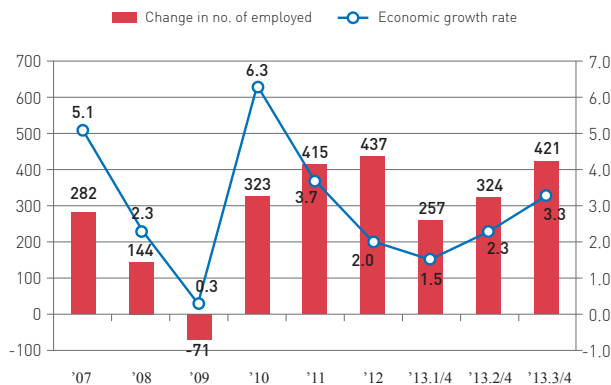


I. Korea's Labor Market Policy

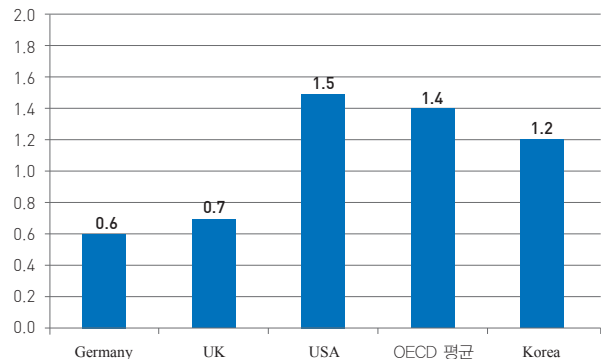
1. Korea's Labor Market Trend

Korea's economic growth rate slowed down to 1.5% in the first quarter of the year 2013, reducing the rate of increase in the number of employed persons. However, the economy has restored at a fast rate by growing 3.3% in the third quarter of the same year and increasing 421,000 persons in the number of the employed(year on year).

+ Change in the number of the employed by year (in 1000 persons)



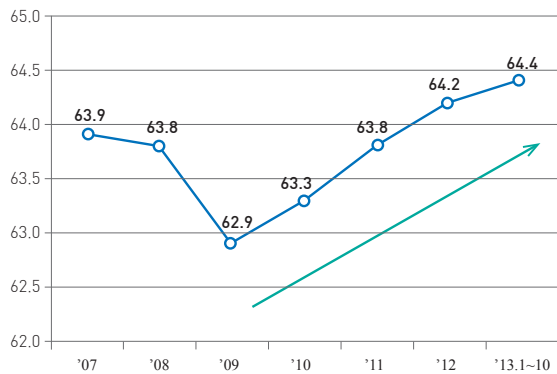
+ Inter-country comparison of the increase rate of the employed (as of 2012), in percent, year-on-year)



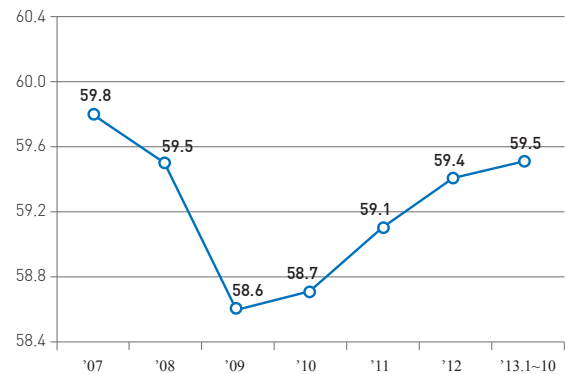
Source: Statistics Korea, Economically Active Population Survey

Employment rate among those aged 15~64 went down to 62.9% in 2009 but the rate continued to improve after the financial crisis, reaching 64.4% on average from January to October in 2013, the highest rate since it has been recorded. Employment rate of those aged 15 or older restored pre-crisis level, 59.5% on average from January to October in the same year.

+ Change in employment rate among those aged 15~64 (in %)



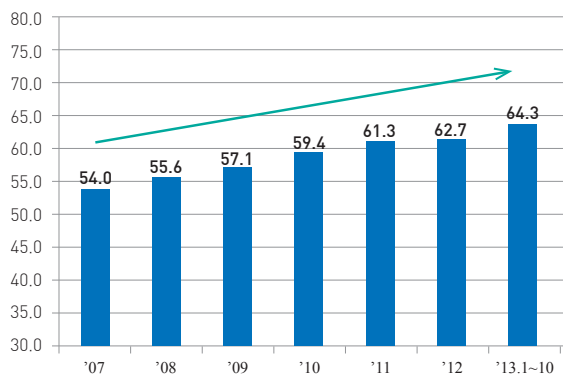
+ Change in employment rate among those aged 15 or older (in %)



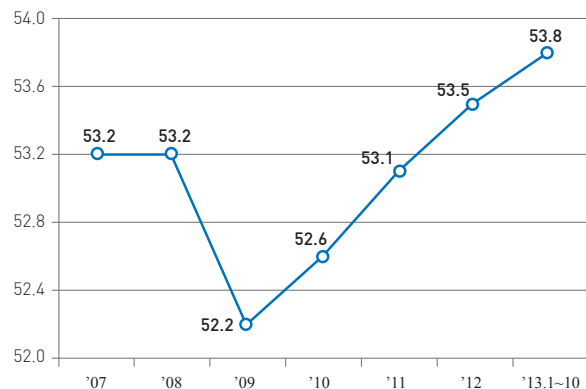
Source: Statistics Korea, Economically Active Population Survey

Figures mentioned above means that Korea achieved not only expansionary growth in employment but also continuous improvement in employment structure as wage workers and female workers are leading the increase in the number of employed persons and regular employees are growing at the highest rate among wage workers. In particular, the increase of regular employees is highly represented by "indefinite term employment", which accounts for 99.6% on average from January to October in 2013 (more than 602,000 persons) with a relatively high level of job security. The employment rate of female workers aged 15~64 has continued to grow to 53.8% on average during the same period, hovering around pre-crisis level.


+ Percent of permanent work among wage workers (%)



+ Employment rate of youths aged 25~29 (%)



Source: Statistics Korea, Economically Active Population Survey



Nonetheless, Korea is still grappling with a number of issues, including long working hours and reduced employment among the youth. Since the financial crisis, the youth employment rate has deteriorated substantially (from 45.1% in 2004 → 40.4% in 2012) and, in terms of working hours among wage workers, Korea ranked third highest with 2,092 hours among the OECD member countries, following Mexico(2,317 hours) and Chile(2,102 hours).

2. Employment policy

Despite recovery in employment, the improvement is not felt by the general public as much as in numbers due to deteriorating employment of the youth and the elderly resulted from high-education attainments and aging population.

In response to this issue, the government set up and implemented employment measures customized to the youth and the elderly. The government has made its utmost efforts to support the youth to enter the labor market without difficulties through various measures, including increase of the government's budget for the youth employment, expansion of Youth Internship Program for SMEs, specialization of employment academy for the youth, and site visits to small but competitive companies in local areas.

In addition, Other government's efforts include Support for the youth who want to tap into the overseas recruitment market(K-Move) will also be upgraded by putting various efforts such as establishing K-Move mentors group, and establishing K-Move schools which connect the youth and jobs overseas after educating them for about 6 to 12 months.

In preparation for mass-retirement of the baby boom generation that are the backbone of our economy, the government set up and announced 「Measures to create and increase new and mutually beneficial jobs for the baby boom generation, and to encourage their social participation」 which includes enactment of laws to secure their golden years, establishment of information system for commercial district for their business start-up, and promotion of volunteer work.

Along with this the Korean government made measures for low-income · poor families to help them escape from poverty through work, thereby making Korea fairer society. Specifically, self-employed persons are allowed to buy unemployment insurance which means that the application of employment policies are expanded to the self-employed. Social safety net is strengthened by

the implementation of Do-ru-nu-ri social insurance which provides low-income workers at small workplace with partial financial support for their insurance premium.

In 2013 the government announced a roadmap to achieve a 70% employment rate by 2017 with the aim of creating a virtuous circle of sustainable growth, employment and welfare. It made meeting an employment target its goal because jobs are an integral part of the virtuous circle in which rising incomes boost domestic demand, which in turn leads to economic growth. According to the roadmap, by 2017 the government will bolster SMEs and the service sector by promoting the creative economy, create jobs by reforming the way of working and working hours, expand employment services for women, youths and members of low-income families, and pursue labor market reform under tripartite agreement.

Through all these efforts, the government expects to get 1,654,000 women, 486,000 young people and 1,441,000 mature-age people into employment, create a total of 2,380,000 jobs and eventually achieve a 70% employment rate by 2017. With 930,000 of all the jobs that will be created to be part-time positions, the government aims not only to meet a quantitative employment target but also to improve the quality of working life by changing the way of working.

In addition to the efforts to improve actual employment situation, continuous efforts are also made to improve effectiveness of job creation programs which are financially supported by the government. For example, the government increased the participation of vulnerable groups which find difficulties in getting jobs in the job creation programs and established improvement measures to support them to have jobs in the private sector by providing them with employment support programs.

II . Policy to Address the Mismatch Between Labor Supply and Demand

1. Creating decent jobs by fostering social enterprises

1.1. Background

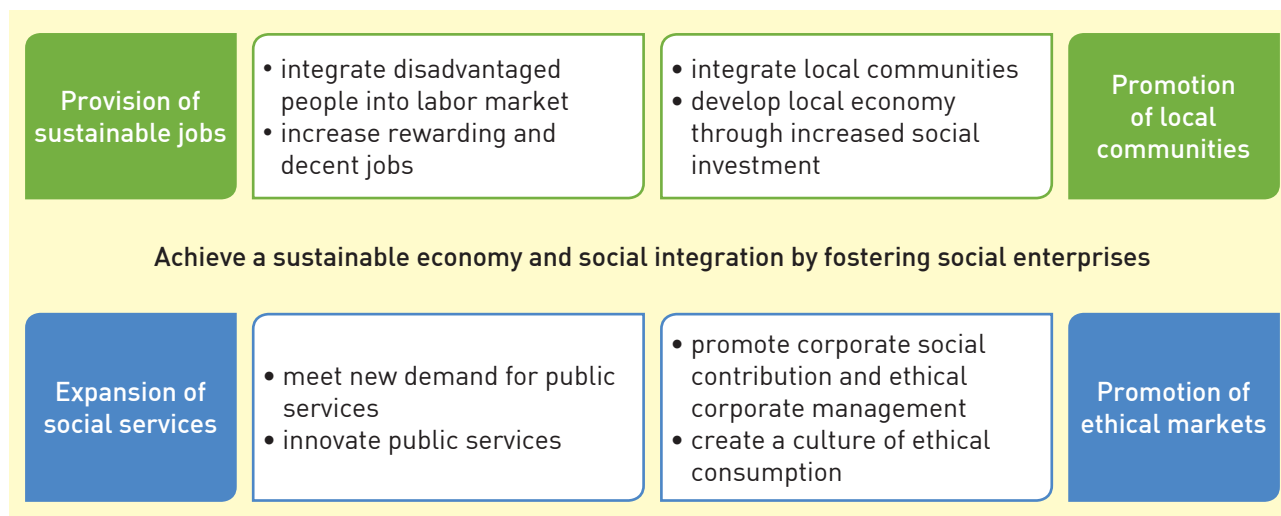
To address the continuing phenomenon of jobless growth and increased demand for social services in the 2000s, discussions began in earnest on whether to introduce the European social enterprise system. In the process, detailed discussions were carried out to introduce social enterprise as a model for creating stable jobs and providing quality social services through non-profit corporations/organizations. Consequently, in 2007, the social enterprise system was introduced, and to foster social enterprises more systematically, the Act on the Promotion of Social Enterprises was promulgated with broad public support.

1.2. Overview of social enterprises in Korea

Social enterprises refer to organizations that pursue the ultimate goal of supporting social purposes while engaging in sales activities such as production and sale of goods and services, etc. Social enterprises provide employment opportunities to disadvantaged people, thereby facilitating their integration into the labor market, and use their profits to create sustainable jobs. Furthermore, since social enterprises are closely interrelated with local communities, they can identify and meet new service needs that are hardly recognizable to the national government, and contribute to the financial soundness of the government through realization of welfare through work.



+ Functions of social enterprise



Through 30 rounds of certification carried out from October 2007 to November 2013, 950 social enterprises were authorized and 21,574 persons were employed. Among them, 13,108 were from disadvantaged groups such as the disabled, the elderly, etc.

1.3. Government support for social enterprises

1.3.1. Support by the central government

First, social enterprises are entitled to tax holidays and relief on social insurance premiums in accordance with the applicable law. More precisely, they benefit from a 50% reduction of or exemption from corporate and income tax for the first five years of operation while companies which donate to social enterprises may count the donated amount as an expense for up to 10% of total corporate income. Additionally, in 2013, social enterprises that do not receive financial support from the government are to be given subsidies to cover employer-paid social insurance premiums for up to 91,000 KRW per employee every month for four years.

Second, public agencies are ensuring a protected market for social enterprises by preemptively purchasing their goods and/or services. As a result, the amount of purchase by public agencies recorded 191,633 million KRW in 2011, an increase by 3.3 times the amount of 58,442 million KRW in 2009.

Third, the government offers subsidies for funds necessary to hire up to three new employees specialized in strategic planning, accounting, marketing and other business operational skills. As a result, 466 employees were newly hired for such specialized work in end-October 2013, an increase of approximately 150 employees from 310 in the previous year.

Fourth, the government also provides advice and business consulting in association with local experts and outstanding managers (on a 'pro-bono' basis) and operates academies and educational programs for social entrepreneurs as well as social venture contests and young social entrepreneurs nurturing programs, with a view to promoting entrepreneurship and social enterprises.

1.3.2. Efforts by the local governments

As of the end of December 2011, 200 local governments enacted ordinances on fostering and supporting social enterprises, and in particular, 93 local governments including Eunpyeong-gu, Seoul, etc. set up basic plans for promotion of social enterprises. As of end-June 2013, the government has designated 1,402 community-based preliminary social enterprises suitable for the particular locality and provided them with financial supports for labor costs and business development.

1.4. Policy direction for promotion of social enterprises

The government is planning to create jobs and pursue social values by developing new types of social enterprises in various sectors, and, at the same time, efforts will be also made by the government to reform and enhance support systems for social enterprises in order to improve self-reliance of the enterprises, thereby achieving sustainable growth. Specifically, the government desires to: i) foster the environment for self-reliance of social enterprises by seeking funding · procurement channels and finding new markets; ii) enhance transparency and responsibility of social enterprises; iii) lay a foundation for government ministries and representatives from all parts of society to play a leading role in discovering and nurturing social enterprises.

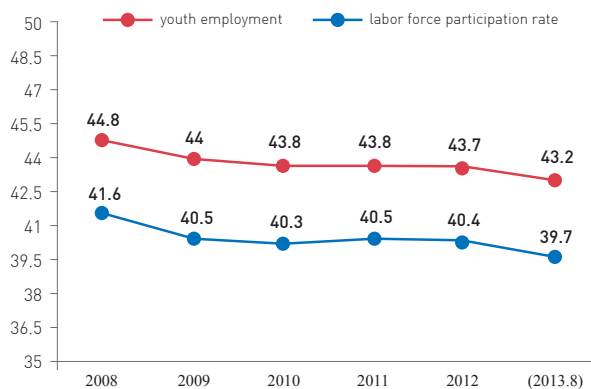
2. Implementation of policies for the youth employment

2.1 Trends and prospect of youth employment

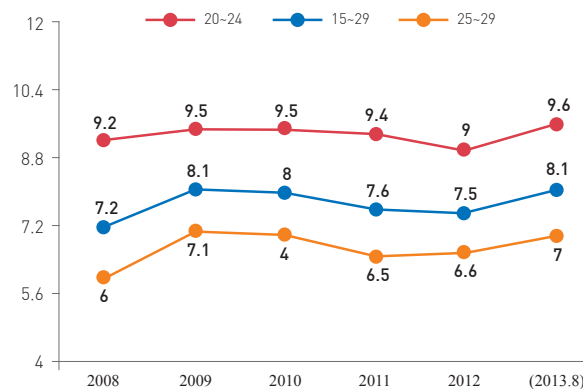
Trends of the youth(aged 15~29) employment rate and economic participation rate tend downward due to factors, including high-education attainments and changes in population composition. Overall the youth unemployment rate is slightly higher than pre-crisis level and the same goes for the rate by age group.

+ Trends of youth employment and unemployment rate

youth employment(red) and labor force participation rate(blue)



youth unemployment rate(red:20~24, blue:15~29, yellow:25~29)



Unfortunately, it is expected to be difficult to witness significant improvement in the youth employment when considered changes in their population structure. Therefore, the government is carrying out various policies for the youth employment through establishing the policies customized to each age group in order to give the youth more and better jobs.



2.2 Current policy direction and implementation

2.2.1 Increase of the youth employment opportunities

The youth employment quota system is introduced to increase the youth employment in the public sector and the government is providing guidance for agencies* with a duty to adopt the system to help them meet 3 percent quota for the youth.

* The agencies refer to public organizations, quasi-government institutions, and other public institutions with more than 30 employees among public institutions according to Act on the Management of Public Agencies

As a result of the system, the number of employed youth in public institutions is on the increase as follows. 6,866(2.4%) persons in 2010, 8,929(3.0%) persons in 2011, 9,857(3.3%) persons in 2012

In addition, the government is encouraging the youth to build work experience in order to increase their job opportunities and possibilities to have regular jobs in the private sector and continuously implementing youth internship program which contributes to resolving labor shortage of SMEs. The Program aims at jobseekers aged between 15 years old or older and 33 years old or less and SMEs with more than 5 employees. During the internship program(from 3 to 6 months), businesses are provided with subsidies of up to 50% of wages (up to 800,000 won per month). When interns are turned to regular workers and retained for more than 7 months afterwards, subsidies will be provided for businesses up to 3,900,000 won (650,000 won per month for 6 months). The conversion rate to regular workers of persons who completed the Internship Program is showing positive signs with 88.5% in 2011 and 84.5% in 2012.

2.2.2 Support for early entrance to labor market

The government is operating "employment academy for the youth" under which organizations of businesses · business owners cooperate connects customized education and employment in order to nurture human resources customized to the workplace.

* In 2013, 2,726 businesses, 181 universities, and 40 regular high schools participated in the academy. In proportion, SMEs and university from non-metropolitan areas take account for 89% and 62%, respectively.

Also, in order to support easy entry in the labor market of the youth, the government is providing career guidance and job-finding service by establishing youth employment centers in college and appointing employment supporters.

2.2.3 Easing mismatch between job position and young job seekers

Since October, 2012, information on small but competitive SMEs is being provided through "Worknet", and criteria on "small but competitive SMEs" selections was improved in July, 2013 to streamline the number of the SMEs to around 10,000. Information system on Worknet has also been revised in a youth-friendly manner so that young job seekers can find information about the SMEs more easily.

* Revising the search order starting from where job seekers want to work → to business type → and to the volume of businesses

Other efforts include ① establishing employee performance standards, ② developing a job competence evaluation toolkit and ③ promoting employment which puts more emphasis on one's competency than academic backgrounds in order to foster competency-based recruitment culture. Support for the youth who want to tap into the overseas recruitment market(K-Move) will also be enhanced by various efforts such as establishing K-Move mentors group, and establishing K-Move schools which connect the youth and jobs overseas after educating them for about 6 to 12 months.


3. Implementing local-based employment policies

3.1. Overview

In response to the trend towards localization and decentralization, the government has strengthened local employment policies by establishing and implementing policies suited toward local characteristics in order to enhance efficiency and bridge gaps in job opportunities between regions.

3.2. Policy measures to strengthen local employment infrastructure

Firstly, regional employment deliberation committees were set up in 17 municipalities and provinces. The committees deliberate on various projects such as social service job projects, projects



aimed at expanding employment services at colleges and universities, local-based job creation support programs, etc.

Secondly, in order to promote employment policies customized to local areas by creating jobs and nurturing human resources who fit in the local economy, information between the central government and local governments has been shared and exchanged, also policy council meetings on local employment were held to create more jobs through the cooperative efforts.

Thirdly, to strengthen the employment policy capacity of local areas, the government has provided local employment education courses such as the local job creation target notice system, local-customized job creation support programs, etc. particularly for those in charge of employment services at local governments and NGOs.

3.3. Local-customized job creation support program

The Ministry of Employment and Labor has carried out a "local-based job creation program" since 2006 to ensure that local areas take a leading role in designing and implementing their own job creation projects.

The local-customized job creation support program was created to help local NGOs, academic institutions, workers' and employers' organizations, and local governments conduct research on their local labor markets and develop creative job creation projects.

In 2013, under the local-customized job creation support program, the government selected 456 local projects through an open bidding process and provided them with 52.1 billion KRW in funding. Among the selected projects, specialized projects accounted for the biggest portion with 355 projects, followed by 8 packaged projects, 77 research projects and 16 forum projects.

Furthermore, with a view to strengthening the connection with "the local job creation target notice system", the government began to provide financial supports to local governments with good records in relation to the system: an additional 3.6 billion won was granted to 36 local governments to finance their local-customized job creation projects.

+ Outcome of the 2013 local-customized job creation support program

(unit : million KRW)

Type	Specialized project	Packaged project	Research & forum project		Total
			Research	Forum	
No. of projects	241	12	8	15	276
Amount of subsidies	27,568	2,369	390	600	30,927

The local-customized job creation support program has provided an opportunity to rethink the necessity and validity of local employment policies and contributed to development of policy capabilities of local governments.

Moreover, the programs are also meaningful in that they serve as an opportunity to request integration of local employment governance and expansion of labor-management participation as the central and local labor-management organizations become more interested in local employment policies.

3.4. Local job creation target notice system

"Local job creation target notice system" is a measure to boost local employment. Heads of local governments announce to local citizens the goals and plans associated with job creation which are to be pursued throughout their term in office. The central government provides various supports to realize the goals and plans. In cooperation with local employment-related organizations, heads of local governments develop specific goals and plans for job creation and publicize them to local citizens through local press, government homepages, etc.

The goals that need to be announced include indicators such as the employment rate, the number of employed people, etc., which can be found from statistical surveys, and job creation targets for each project to be carried out. The action plans necessary to achieve such goals include specific measures tailored to local characteristics that need to be taken in order to create and/or retain jobs, reduce the supply-demand mismatch, develop vocational skills, etc.

Since the notice system was introduced in July 2010, a total of 244 local governments (including 17 metropolitan city/provincial governments) have joined the system as until October 2013.

+ Number of local governments participating in the local job creation target notice system in 2012

	Total	Metropolitan city / province	City	County	Autonomous district
No. of all local governments	244	17	73	85	69
No. of participants	244	17	73	85	69
(%)	(100)	(100)	(100)	(100)	(100)

The local job creation target notice system contributed to the creation of jobs suited to local characteristics and improvement of awareness on job creation and skills development by encouraging local governments' leadership in policy development and designing customized projects for different regions. Furthermore, the System also helped to create human networks among employment-related officials and experts.

4. Successful implementation of the Employment Permit System for foreign workers

4.1. Current situation

In order to protect employment opportunities for native Koreans, resolve labor shortages in SMEs and prevent infringements upon the human rights of foreign workers, the Act on Foreign Workers' Employment, etc. was announced on August 16, 2003, and the 'Employment Permit System (EPS)' was launched in August 2004.

For efficient management of the non-professional foreign worker introduction system, the government abolished the existing industrial trainee system, and integrated the non-professional foreign worker introduction system into the EPS. Moreover, as part of an effort to embrace Koreans living abroad, the government also introduced the Working Visit System which offers Koreans living in China and the former Soviet Union an opportunity to visit freely and find work in Korea.

As of September 2013, a total of 420,000 foreign workers (187,000 workers through the general EPS(E-9), 233,000 through the working visit system(H-2)) are working in Korea under the EPS for foreign workers.

4.2. Contents

First of all, the EPS for foreign workers is mainly aimed at providing foreign workers to SMEs suffering a shortage of native Korean workers. To that end, every year, the Foreign Workforce Policy Committee (Chairman: head of the office of the Prime Minister) determines the number of foreign workers to be invited to work in Korea, the kinds of jobs permitted for foreign workers, etc. by taking into consideration Korea's economic conditions, employment situation, businesses' demand for foreign workers, etc.


Second, for prevention of corruption in the process of sending workers and transparent operation of foreign worker selection & introduction process, the Korean government has signed MOUs aimed at improving transparency and efficiency of the sending process. The public sector is in charge of selecting and introducing the foreign workers to be invited to work in Korea while the private sector is excluded from the process. Currently, 15 countries including Vietnam, Thailand, the Philippines, Indonesia, etc. have been designated as worker-sending countries through MOUs.

Third, the government is drawing up protective measures for foreign workers according to the relevant laws and regulations including labor law, etc. The article 22, etc. of the Act on Foreign Workers' Employment, etc. (hereinafter, Foreigner Employment Act) clearly stipulate that foreign workers receive equal treatment with native Korean workers according to social insurance and labor relations act such as health insurance, employment insurance, industrial accident insurance, minimum wage, labor standards act, etc. In particular, considering the fact that foreign workers are usually working for small businesses, the government is providing stronger preventive measures to cope with overdue wages, accidents outside the workplace, etc. by making it compulsory to take out departure guarantee insurance, return cost insurance, etc.

4.3. Major achievements

First, the EPS has helped to reduce labor shortages of SMEs by legally providing foreign workers without encroaching on job opportunities for native Koreans. More specifically, 87.8% of general foreign workers were employed in workplaces with less than 30 employees, which are shunned by Koreans, indicating that the EPS is making substantial contribution to SMEs.

Second, the EPS has also contributed to the protection of rights and interests of foreign workers and to the tremendous improvement of transparency in the process of sending foreign workers. In other words, the government put an end to discrimination against foreign workers by applying



Labor Relations Acts such as the Labor Standards Act, Minimum Wage Act, etc. to foreigners just as they are applied to native Koreans. Moreover, the public sector took charge of worker selection and introduction, thereby improving the publicity and transparency of the process which resulted in reduction of corruption.

Third, the EPS also enhanced Korea's standing on the world stage by providing an exemplary model for foreign worker management. Particularly in 2011, in recognition of its innovation, Korea was selected as the United Nations Public Service Award 1st winner under the category of "Preventing and Combating Corruption in the Public Service."

Fourth, the government is constantly collecting views from foreign workers in Korea and their employers to improve its institutions in a way that satisfies both the employers and workers. To ensure continued employment of foreign workers, the government gives employers autonomy to determine the term of work contract within the boundaries of sojourn period (three years). When an employer rehires a foreign worker, the worker no longer has to leave Korea for one month, as was the case in the past, and the employment can now last up to five years. In addition, to support reemployment of foreign workers who change workplaces, the job-seeking period has been extended from two to three months, thereby alleviating difficulties for both foreign workers and their employers.

Fifth, in order to offer greater support to foreign workers during their stay in Korea, the government opened counseling centers for foreign workers in 2011 to provide labor affairs-related counseling in ten languages including Vietnamese, etc. Moreover, in order to provide on-the-spot service, 27 foreign-worker support centers have been established in small and medium sized cities (Yeongam, Yeosu, Wonju, etc.) in addition to the 7 existing main centers (Seoul, Uijeongbu, etc.). The services available in those centers include counseling for foreign workers who suffer from cultural differences and a language barrier and the classes on the Korean language, practical law and the Korean culture.

III. Improvement of Employment Service

Enriching public employment service

Employment service works as a national core infrastructure supporting individual career development throughout one's entire life, company's business activities and nation's effective utilization of human resources by providing comprehensive services such as provision of employment information, job placement and guidance, and development of vocational competency. To this end, the government has set the advancement of employment as one of national priorities and put its efforts to innovate and improve employment services. As a result of this effort, infrastructure on public employment services has been expanded and there has been an increase in the number of the newly employed and the number of visitors in the employment center.

1. Major achievements

1.1. Expansion of the infrastructure for high-quality customized services

The first, the Korean government has consistently expanded the infrastructure for human resources to provide customized employment services: in 2013, about 400 counselors were deployed in the "employment success package program" in order to enhance the management of program participants' cases and employ-welfare linkage services.

The second, job centers have been integrated into larger-sized 82 centers as of October 2013. Also "Namyangju Employment·Welfare General Center(tentative name)" opens(January, 2014) with the effort of various employment-welfare related agencies such as Ministry of Employment and Labor(job center), Ministry of Gender Equality & Family(new job center) and community self-

sufficiency center(Ministry of Health and Welfare) and provide one-stop employment-welfare service to locals.

1.2. Introduction of in-depth counseling for disadvantaged groups

'The In-depth Counseling,' which began in full swing in 2009 after a pilot program was conducted in 2008, provides disadvantaged individuals with comprehensive employment services from problem diagnosis and job search & career path setting to improvement of the will and ability to work and intensive job placement.

By October, 2013, about 44,107 job seekers were provided with one on one and in-depth counselling service and among them, 22,703 found their jobs.

This intensive counseling has contributed to improvement of services provided by Job Centers by offering services customized to individuals along with the "Successful Employment Package" program.

In 2012, the individualized intensive counseling had been given to 3,410 persons until August, and 1,081 of them succeeded in getting employment.

1.3. Reinforcement of Job Centers' matching function

In order to directly link job applicants to those seeking employees, Job Centers have held various recruiting events including meetings of job applicants and employers, recruitment services, accompanying interviewees on their interviews, etc. In 2013, 71 employment centers held a total of 7294 events for employment by October, and the number of participants were 8286 businesses and 50,998 job seekers, and the events result of 11,461 new employees.

+ Outcome of Job Centers' employment services in October, 2013

Program	Frequency	No. of participants (businesses)	No. of applicants	No. of successful applicants
Total	7,294	8,286	50,998	11,461
Job applicant-employer meeting	1,877	4,145	37,747	6,487
job interview (with a guide)	2,958	1,239	2,761	1,206
Recruitment service	2,459	2,902	10,490	3,768

1.4. Employment services for small businesses

In an effort to provide support for small businesses suffering labor shortages, the government mapped out the "the measures to solve mismatch between labor supply and demand that SMEs suffer"(reported in the Cabinet meeting, 2nd, October) and 71 job centers nationwide operated special employment promotion period(for one month, November) in order to create quality jobs and provide intensive employment support services.

1.5. Expansion of vocational career guidance

In order to create programs that meet various needs of jobseekers, "short-term group counselling program" was created and provided since 2009, and the content of the program includes activities to encourage their willingness to work, improve abilities for self-development and resume preparation. Career guidance programs are expanded continuously by developing·distributing group-counselling programs for NEET in 2010, for female marital immigrants in 2011, for prisoners who would be released in 2012 and for those with low income and the youth in 2013 to improve their vocational competency.

1.6. Supporting local governments, universities and private employment agencies to upgrade their capabilities

In order to help local governments, universities and private employment agencies strengthen their capabilities in employment service, the government has annually expanded the coverage of its programs including providing better employment services at colleges and universities, supporting customized local projects for job creation, and entrusting employment services to the private sector. In particular, by entrusting employment services to the private sector, the government was able to provide customized employment services to individuals, such as construction workers and the homeless, who, in reality, were difficult to be covered under the public employment service.

1.7. Stronger links between job centers and other relevant organizations including the Ministry of Health and Welfare

The Ministry of Employment and Labor signed MOUs with the credit counseling and recovery service and mental health centers under the Ministry of Health and Welfare in 2009 and Seoul City,

Gyeonggi Province, the Ministry of Justice, etc. in 2010 to provide a wider range of information to job center visitors. Moreover, local governments and relevant organizations have been given access to the WorkNet (www.work.go.kr), allowing job-related information to be shared by the Seoul metropolitan government and private portal websites since July 2011.

As of October, 2013, 24 job search engines of the central government, public organizations, local governments, including local Worknets and private job-search portals have been connected and integrated to share information on job opportunities. Also, cooperation with the Ministry of Health and Welfare is growing in terms of sharing information on employment and welfare.

1.8. Online employment services through WorkNet

The government has also paved the way for online employment service by substantially reinforcing the function of the WorkNet as one of the pillars of public employment service. The online network system currently has a new mechanism of matching job applicants and job vacancies called "Soft Matching" which, launched in 2010 and provides greater accessibility and more data.

In 2013, the Worknet has continuously improved in a more user-friendly manner(improving the function of smartphone applications) and, in a purpose of online employment support, much efforts have been made, including development of search function based on vocational competency and employment information sorting function tailored to job seekers.

2. Enhancing employment support for those with low income

As attention is being gathered to welfare policies combined with working(workfare) which links welfare policy and active labor market policy for the working poor, existing projects for self-reliance of low-income groups was revised in 2009 into a pilot project called "employment support package for low-income groups". In June, 2009, the name of the project was changed to "employment success package". Since then, the project has been expanded continuously and in 2012, 74,956 participants were from low-income families (the annual goal was 70,000) and 68,986 were from the youth and the middle-aged (the annual goal was 156,000). The project produced good results, reaching 62% in employment rate(at the end of March, 2013).

IV. Employment Measures for Vulnerable Groups

1. Expansion of female employment and support for work-family balance

1-1. Female employment

The labor force participation rate of women aged 15-64 in Korea stood at 55.2% in 2012 and 56.2% in October 2013, below the OECD average (62.3% as of 2012). Against this backdrop, the government devised various policy measures to promote women's economic activities.

+ Women's labor force participation rate (aged 15~64) by year

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Oct. 2013
Participation rate	53.5%	52.9%	54.1%	54.5%	54.8%	54.8%	54.7%	53.9%	54.5%	54.9%	55.2%	56.2%

Source: Statistics Korea, 『KOSIS DB』

+ Women's labor force participation rate by age

Age group	15~29 (young)	55~64 (elderly)
Participation rate	44.1%	53.3%

Source: Statistics Korea, 『KOSIS DB』 (Oct. 2013)



1-2. Expansion of female employment

1-2-1. Affirmative action in employment

'Affirmative action in employment' refers to all measures and their accompanying procedures tentatively taken by employers to eliminate existing discrimination between men and women in employment or promote equal employment. It is a way of enhancing minority representation without undermining merit- or performance-based systems.

Affirmative action was introduced in Korea with the revision of the Equal Employment Act on December 30, 2005 and took effect on March 1, 2006. In 2013, a total of 1,778 workplaces, including 260 government-invested and government-affiliated institutions and 1,518 businesses with 500 or more ordinarily-employed workers, were subject to affirmative action.

According to an analysis of the data on male and female workers by occupation and job grade submitted by workplaces which are subject to affirmative action as of March 31, 2013, the proportion of female employees and managers on average was up 0.8%p to 36.04% and up 0.4%p to 17.02%, respectively, compared to 2012.

The government has selected 'companies with outstanding performance in equal employment (affirmative action in employment)' and provided them with a variety of administrative and financial support.

1-2-2. Efforts to reform practices of gender discrimination in employment and to raise awareness

The government has strived to improve the quality of female employment by reducing discrimination in employment and raising awareness of equal employment.

To this end, first, the Act on Equal Employment and Support for Work-Family Reconciliation prohibits gender-based discrimination in every aspect of employment including recruitment, hiring, wages, training, job assignment, promotion, retirement age, retirement and dismissal. To ensure the enforcement of this Act, the government has carried out education and publicity activities on employers' relevant obligations and conducted workplace inspections and guidance.

Second, in order to prevent sexual harassment at work and create a safe and sound workplace

culture, employers are obligated to provide sexual harassment prevention education while the government implements support programs to prevent sexual harassment at work.

Third, in an effort to encourage enterprises to voluntarily reform their unequal employment structures, to increase society's efforts and interest in developing and utilizing a female workforce and ultimately to enhance women's rights and interests, the government has designated May 25th~31st of each year as 'equal employment week'.

1-2-3. Streamlining subsidies to promote female employment

In an effort to expand female employment, 'subsidy for continued employment after pregnancy and childbirth', 'subsidy for childcare leave, etc.' and 'subsidy for employment of substitute workers' were consolidated into 'subsidy for employment security for women after childbirth and during childcare'. This subsidy is offered to an employer if he/she re-hires a female contract worker or temporary agency worker who is pregnant or on maternity leave, immediately or within 15 months after the expiration of her contract, and thus helps to stabilize the employment of female non-regular workers during her pregnancy or after childbirth. For a fixed-term employee, the employer will receive 400,000 KRW per month for six months and, for a non-fixed term employee, the employer will be subsidized for up to one year - 300,000 KRW per month for the first six months and 600,000 KRW per month for the rest.

1-2-4. Support for women' re-employment

A total of 120 'new job centers for women' operate to help career-break women to find work again. The centers provide career-break women with comprehensive employment services, including group-counselling programs, vocational training, internship, job placement and post-employment management.

1-2-5. Support for women's skill development

Unemployed female household heads who are the breadwinners of their families but have difficulties in entering the labor market are offered vocational skills upgrade training, full training expenses and training allowances (116,000 KRW for transportation and meal expenses) to help them enhance their employability and create a foundation for self-reliance.

1-3. Support for work-family balance

1-3-1. Maternity protection

First, female workers are granted maternity leave (pre- and post-natal leave) for 90 days. The maternity leave benefit (up to 1.35 million KRW per month) is provided for 90 days in the case of preferentially supported enterprises and 30 days in the case of large companies.

Second, as miscarriage or stillbirth leave was legislated, workers who had a miscarriage or stillbirth are granted 5~90 days of miscarriage or stillbirth leave depending on their pregnancy period and given miscarriage or stillbirth leave benefits.

Third, both male and female workers with a pre-school child aged 6 or under are entitled to take childcare leave for up to one year. During childcare leave, they are provided with childcare leave benefits equivalent to 40% of their ordinary wages.

1-3-2. Support for the establishment and operation of workplace childcare centers

To promote women's participation in economic activities by easing their childcare burden and to prevent them from leaving their work due to childcare responsibilities, the government provides support to employers who establish and operate a workplace childcare center.

As part of the support, the government provides an employer (or a group of employers) who establishes a workplace childcare center with a long-term low-interest loan (at an annual rate of 1.0-2.0%) up to 700 million KRW, financed from the employment insurance fund.

2. Support for promoting employment of the aged

2-1. Employment of the aged

Korea is one of the fastest aging countries in the world due to its low birth rate and longer life expectancy. With the number of people aged 65 and over being 5.65 million (11.4% of the total population) at the end of 2011, all of the cities and provinces in Korea have become an aging society (i.e. people aged 65 or over account for more than 7% of the total population). Moreover, Korea's

prime-age population (aged 25-49) declined for the first time in history (from 19.905 million in 2005 to 19.538 million in 2010), which suggests that population aging is speeding up.

+ Population aging trend

[1,000 persons, %]

	2000	2010	2011	2020	2030	2040	2050
No. of those aged 65 or over	3,395	5,452	5,656	8,084	12,691	16,501	17,991
% of those aged 65 or over	7.2	11.0	11.4	15.7	24.3	32.3	37.4

* Source: Statistics Korea, 「Future Population Estimates」 2010

2-2. Creation of foundation for extending employment of the aged

2-2-1. Establishment and implementation of basic plan to promote employment of the aged

In December 2005, the government set up a task force comprised of relevant public officials and private experts to create the foundation for longer and better employment of aged people with competencies. And in September 2006, the government established and announced the '1st basic plan to promote employment of the aged', a five-year (2007-2011) plan to realize a society in which capable elderly people can continue to work in quality jobs, regardless of their age. As a consequence, during the period of the 1st plan, the employment rate of the elderly increased by 3.8%p from 59.3% in 2006 to 63.1% in 2012.

In 2011, the government mapped out the '2nd plan to promote employment of the aged (2012~2016)' to complement the 1st plan and cope with ever-faster population aging. In step with the vision of the 2nd plan, which is to 'create an environment where more of aged people can stay in work longer', the government partially amended the Enforcement Decree of the Employment Insurance Act in January 2012 to lower the wage reduction rate required for preferentially supported enterprises (SMEs) (from 20% to 10%). By doing so, it laid the foundation for facilitating the adoption of the wage peak system by SMEs and strengthening related support.

+ Aged (55-64) employment trend (Statistics Korea)

(%)

	2007	2008	2009	2010	2011	2012	Aug.	Aug.
								2013
Labor force participation rate	62.0	61.8	61.8	62.7	63.7	64.7	65.0	66.4
Employment rate	60.6	60.6	60.4	60.9	62.1	63.1	63.2	65.1
Unemployment rate	2.2	2.0	2.4	2.9	2.5	2.5	2.7	2.1

2-2-2. Guidance on employment quota and delayed retirement

In order to promote employment of the aged, employers having 300 permanent employees or more are required to employ aged people above the industry-specific employment quota for the elderly and to submit a status report on the employment of the elderly and the operation of their retirement system every year.

The Act on Prohibition of Age Discrimination in Employment and Aged Employment Promotion was amended in April 2013 to make it mandatory for employers to set the minimum retirement age at 60 or above and reform their wage systems accordingly. This change will come into effect on January 1, 2016 for workplaces with 300 employees or more and public institutions and on January 1, 2017 for workplaces with fewer than 300 employees and the central and local governments. The change is meaningful in that it is an attempt to respond preemptively to population ageing.

2-2-3. Subsidy for the wage peak system

The government offers 'subsidy for the wage peak system' to workers in companies which adopt the wage peak system under which older workers are guaranteed employment for a certain period in return for wage reduction based on their age and the number of years worked. The wage peak system can be implemented in three forms: extending retirement ages, reemploying workers after retirement and reducing working hours. As of October 2013, the government had paid 9,426 million KRW in such subsidies, benefiting 2,286 aged workers in 248 workplaces. In January 2013, this subsidy system was revised to ease the eligibility requirements for those reducing working hours. Previously companies had to reduce contractual working hours and wages by 50% to get the subsidy. But after the change, companies which reduce weekly working hours to 15~30 hours or less and wages by 30% are eligible for the subsidy.

2-3. Support for employment of the aged

2-3-1. Subsidies for extended employment of the aged

To promote and retain employment of the elderly, the government has provided subsidies to employers who are employing the aged at a given rate or higher, continue to employ retirees or raise the retirement age. In 2012, the government paid 45,965 million KRW in subsidies for extended employment of the aged, benefiting 194,640 aged workers in 10,679 workplaces. There are three types of subsidy for extended employment of the aged: 'subsidy for raising retirement age', 'subsidy for re-employment of retirees' and 'subsidy for employment of the aged in large numbers'.

2-3-2. Loans for improving employment environment for the aged

Since 2006, the government has been providing loans to employers who intend to install or upgrade facilities and equipment to stabilize and promote employment of the aged. In 2012, a total of 2,716 million KRW was loaned to 7 companies.


2-3-3. Job placement services

Job placement services are provided to jobless elderly people through Job Centers under the Ministry of Employment and Labor, 54 Senior Citizen Talent Banks and 25 Job Hope Centers for Middle-Aged and Old People.

Senior citizen talent banks provide employment services to elderly job seekers with relatively lower employability (54 talent banks in 2013). To improve the quality of their employment services, the government provided competency-enhancing education to personnel in charge, and introduced a performance-linked management system, such as providing differentiated support for their project operating costs for the following year according to performance.

In 2013, existing outplacement service centers run by the Korea Labor Foundation and job centers for experienced professionals run by business associations, etc., were merged together to create Job Centers for Middle-Aged and Old People.

Job Centers for Middle-Aged and Old People provide comprehensive outplacement services, including re-employment, business start-up and life planning services, to enable (prospective) retirees aged 40 or over to plan their second career. As of the end of October 2013, 82,608 people had applied



to receive the services and 18,098 of them had succeeded in finding work.

2-3-4. Support for re-employment of experienced workers

Since 2013, the government has implemented a 'program to support re-employment of experienced workers'. Under this program, unemployed people aged 50 or over are given internship opportunities at companies to connect them to regular jobs.

If an employer hires a mature-age jobless person as an intern, 50% of the wage (up to 800,000 KRW a month) is subsidized for four months of the internship period. If the intern is converted to regular employment, 650,000 per month is paid additionally for six months. As of the end of October 2013, 5,145 people had been hired as interns, and 1,817 of them had been converted to regular employment.

2-4. Support for social contribution jobs

Since 2011, the government has implemented the program to support social contribution jobs. This program is designed to connect middle-aged or old retirees with expertise and work experience to social enterprises and non-profit organizations, thereby spreading social services and coping effectively with population aging. Social service jobs are a new job model combining paid work and voluntary activities. Program participants are paid actual expenses (for meals, transportation, etc.) and participation allowances (2,000 KRW per hour). As of the end of October 2013, 1,301 participants had performed social contribution activities in 245 organizations.

3. Support for promoting employment of the disabled

3-1. Employment of the disabled

As of the end of 2012, 25,688 workplaces (312 central and local governments, 293 quasi-government agencies, 261 public institutions and 24,822 private companies) obligated to hire people with disabilities were employing 142,022 people with disabilities, achieving an employment rate of 2.35%. Until 2009, for the purpose of calculating employment rates, all people with disabilities were considered the same whether their disabilities were mild or severe. However, from 2010, with

a view to promoting employment of severely disabled people, one person with severe disabilities is calculated as two disabled people (under the 'double counting system for workers with severe disabilities'). The number of employed people with disabilities at the end of 2012 was up 8,571 from 133,451 at the end of 2011.

3-2. Expansion of mandatory employment of the disabled

With a view to promoting employment of people with disabilities, the central and local governments, public institutions and private companies with 50 or more ordinarily-employed workers are mandatorily required to employ people with disabilities at a given proportion of the total ordinarily-employed workers (3% for government agencies, 2.5~3% for public institutions, 2.5% for private companies). If an employer hiring 100 or more workers fails to meet the mandatory employment quota, a disability employment levy of 590,000 KRW per month per person falling short of the target is imposed on the employer.

Moreover, in order for the public sector to set a good example in employment of the disabled, the mandatory employment quota for the central and local governments was increased from 2% to 3% in 2009 and, later in 2010, the quota for public companies and quasi-government agencies was also increased from 2% to 3%. For private companies, the quota is to be raised in phases starting from 2010 (2.3% in 2010, 2.5% in 2012, 2.7% in 2014).

Thanks to these efforts, the proportion of disabled people employed in workplaces subject to the mandatory employment quota rose to 2.35% in 2012, more than five times higher than 0.43% in 1991 when the mandatory employment system took effect. The number of disabled people employed under the system also increased more than 13-fold from 10,462 in 1991 to 142,022 in 2012.

+ Employment rate of disabled people in workplaces subject to the mandatory employment system

Year	1991	2008	2009	2010	2011	2012
Employment rate of disabled people	0.43	1.73	1.87	2.24	2.28	2.35

+ Employment rate of disabled people in workplaces subject to the mandatory employment system

(Workplaces, persons, %, as of end-Dec. 2012)

		Organization	Ordinarily employed workers	Disabled workers	Employment rate
Total		25,688	7,199,417	142,022	2.35
Government	Public officials	312	831,469	18,725	2.57
	Employees	293	260,814	5,629	2.75
Businesses	Public	261	302,435	7,548	2.80
	Private	24,822	5,804,699	110,120	2.27

3-3. Stronger support for employment of the disabled

3-3-1. Support for the establishment of subsidiary-type standard workplaces

In 2008, the government introduced the 'subsidiary-type standard workplace system' which would help to expand employment of people with severe disabilities and offer companies a new way to comply with their obligation to employ disabled people.

In order to further expand stable jobs for people with disabilities, the government introduced tax credits for standard workplaces employing disabled people: employers who were acknowledged as running such a standard workplace no later than December 31, 2013 may pay only 50% of the corporate tax and income tax for five tax years starting from 2011. Moreover, the government has carried out 'one group, one subsidiary' campaign targeting the top 30 business groups with a relatively low employment rate of disabled people to encourage them to establish a subsidiary-type standard workplace.

As a consequence, the number of subsidiary-type standard workplaces, which was only three in 2008, rose to 32 at the end of October 2013 and those workplaces were employing 1,224 disabled people, of which 748 (61.1%) were people with severe disabilities.

3-3-2. Support for assistive devices for the disabled

Ever since the program to provide assistive devices to the disabled was introduced in 2004, the government has provided assistive devices and related repair services and developed new assistive devices to complement disabled people's abilities to work. In 2012, a total of 9,128 assistive devices were provided to 7,055 disabled people in 1,701 workplaces, thereby helping disabled people overcome potential disability-related difficulties in the workplace.

3-4. Provision of customized and specialized vocational training and employment services

3-4-1. Expansion of 'customized training'

'Customized training' is provided in close connection with companies throughout the entire process ranging from the designing of training courses to job placement to foster human resources suited to companies' needs. As of the end of October 2013, 854 people had completed such training and 787 or 92.2% of them had succeeded in finding work.

3-4-2. Specialized training by type of disability

Specialized training by disability type aims to cultivate people with disabilities (visual or hearing impairment, brain lesions or intellectual or mental disorders) into competitive human resources by developing jobs and providing training suited to their type of disability. As of the end of October 2013, specialized training had been provided to 290 disabled people, and 240 of them had gained employment.

3-4-3. Stronger support for people with severe disabilities

For people with severe disabilities whose working ability is greatly impaired, the government has offered 'subsidized employment' and other supports to promote their employment. Subsidized employment refers to efforts to help people with severe disabilities adapt themselves to working life with the assistance of a work guide. The number of beneficiaries of this program was 2,116 in 2011, 2,317 in 2012 and 2,148 as of the end of October 2013.

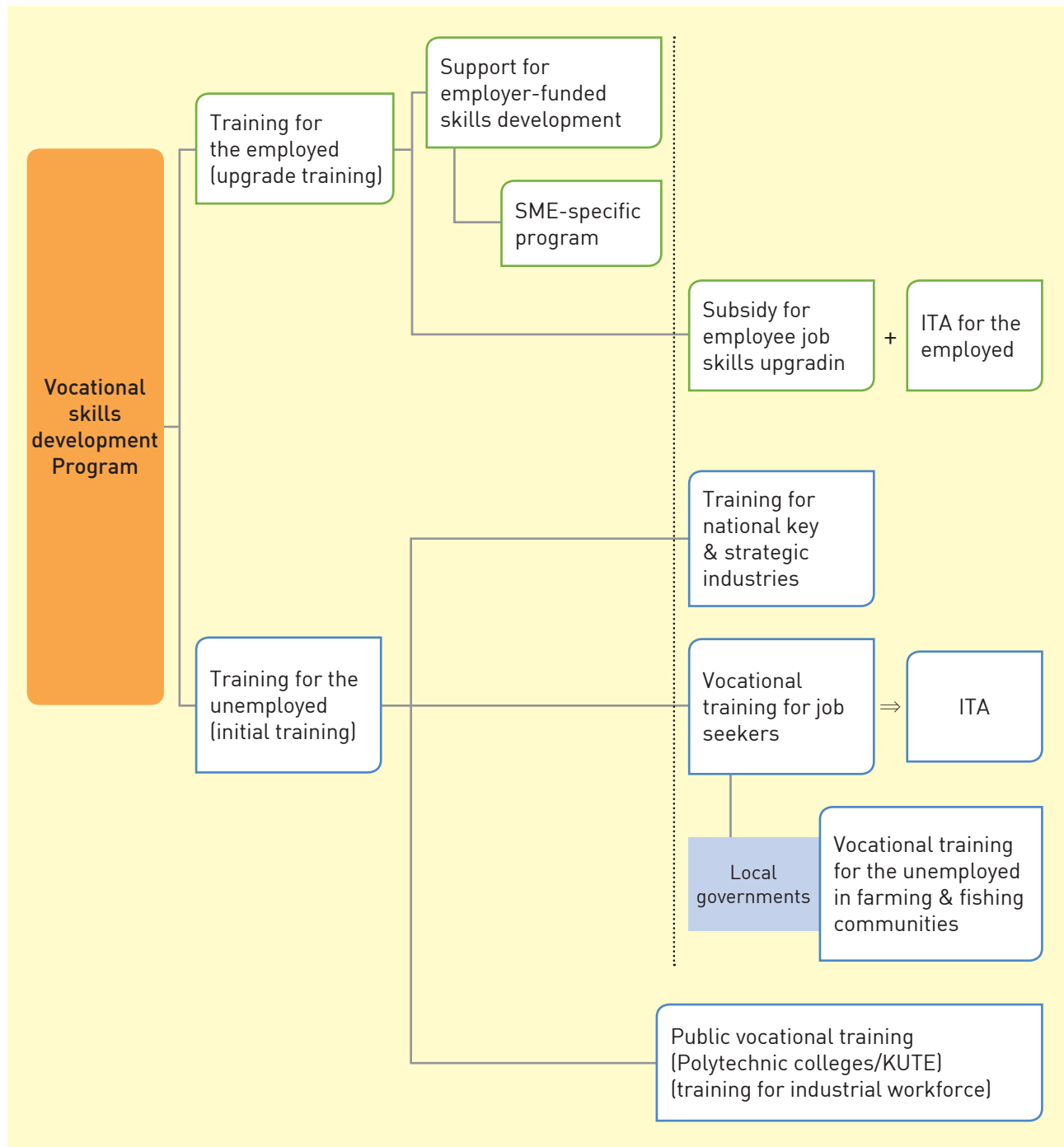
V. Client-Oriented Vocational Skills Development

1. Introduction

In 2004, the government established the Workers Vocational Skills Development Act, thereby setting up the framework for life-long skills development covering every stage of workers' lives. In addition, the government set up 'the initiative to build a market-friendly vocational skills development system' in May 2009, thereby creating a demand-oriented vocational skills development system. In the following years, policy resources were directed towards vocational skills development linked to workplaces and, consequently, human resources development was reinforced in new growth engine sectors. In 2012, the government devised 'the 2nd basic plan for vocational skills development' which consisted of a variety of specific policy actions to materialize the vision of 'the skill-valued society for co-existence and shared growth'.

2. Vocational skills development system in Korea

The vocational skills development system in Korea is summarized as below:



3. Main features and outcomes of vocational skills development training

The types and target groups of vocational skills development training are summarized in the following table:

+ Types and target groups of vocational skills development training

Category	Type	Target Group
Training for the employed	<ul style="list-style-type: none"> • Subsidy for employer-fund skills development • Subsidy for employee job skills upgrading • Loans for workers' school and training expenses 	All workers
Vocational training for SMEs	<ul style="list-style-type: none"> • Support for Consortium for HRD Ability Magnified Program (CHAMP) • Support for learning organizations at SMEs • Support for upgrading core job skills for SMEs 	SME workers
Training for the unemployed and non-regular workers	<ul style="list-style-type: none"> • Training under the Individual Training Account System • Loans for living costs during vocational training 	Job seekers
Employment promotion training	<ul style="list-style-type: none"> • Vocational training for the unemployed in local areas 	Farmers and fishermen, low-income individuals, etc.
Training to foster workforce	<ul style="list-style-type: none"> • Training to foster craftsmen • Training for national key/strategic industries 	Unemployed people, young people who do not go to higher education, etc.

3-1. Promotion of skills development at company level

3-1-1. Support for training of prospective and incumbent employees

The government supports 'initial training' for prospective employees and 'upgrade training', 'training on paid leave' and 'job skills upgrade training' for incumbent employees.

3-1-2. Loans for workers' school and training expenses

If an insured employee is admitted to a technical college, a cyber college or a junior college and above, he/she may take out a long-term low-interest (1~3%) loan to cover all of the school expenses (enrollment, tuition and student fees). In 2012, the government gave 17,720 people 69.2 billion KRW in such loans.

3-1-3. Loans for living costs during vocational training

Vulnerable people, such as non-regular workers and the unemployed, may take out a loan to cover their living costs while receiving vocational skills development training. The purpose of such loans is to help these workers to participate in training programs without having to worry about living costs and to find a better job at an earlier time.

3-1-4. Support for Consortium for HRD Ability Magnified Program (CHAMP)

In order to enable SMEs to provide systematic vocational training on a par with training in large companies, foster the workforce needed for strategic industries, such as new growth-engine ones, and build up HRD infrastructure in each local area, CHAMP has been run in three specialized forms reflecting the advantages of each operator, that is, 'HRD support for SMEs', 'workforce training for strategic sectors', and 'local joint training', since 2012. Moreover, the government encourages young people's early entry to the labor market and workforce training that meets industrial needs, through 'apprenticeships combining work and learning'. It is also pursuing 'a pilot consortium program specialized for non-regular workers', which is aimed at improving non-regular workers' working conditions and employment status by raising their skill levels.

3-1-5. Support for upgrading core job skills for SMEs

The government selects the courses needed to upgrade core job skills for SMEs from among high-quality training courses offered by private training providers and subsidizes training expenses and part of labor costs (only for technical areas) so that SME employers and employees can receive such training. In 2012, 37,825 people were provided with 15.3 billion KRW in such subsidies.



3-2. Provision of vocational skills development opportunities to job seekers

3-2-1. Individual training account (My Work Learning Card) system

The individual training account ('My Work Learning Card') system allows job seekers to freely choose vocational training courses and training institutions within a certain subsidy limit and manages individuals' training histories in an integrated manner.

The learning card (individual training account) is issued to those found to lack vocational skills after counseling at a Job Center. It is valid for one year from the date of issuance and offers a per-person subsidy of up to 2 million KRW. People receiving training under the system are mandatorily required to pay 25-45% of their training expenses on their own. However, people from low-income families, who participate in the 'employment success package' program, are exempt from the out-of-pocket payment and subsidized up to 3 million KRW.

In 2012, some improvements were made to the ITA system to adopt a stricter selection process and strengthen trainees' responsibility: the work search obligation should be satisfied before a training account is issued; the pre-counseling on training is given before trainee selection; unfaithful trainees, including those who give up training from the beginning or drop out of training, are denied training subsidies and are disadvantaged when applying to participate in training next time. As a consequence, the number of people issued with a training account sharply fell from 237,827 in 2011 to 189,525 in 2012 while the training participation rate of account holders sharply grew from 74.8% in 2011 to 86.2% in 2012.

3-2-2. Training for national key/strategic sectors

This training is intended to foster and supply the skilled and technical workforce needed for national key or strategic industries, particularly those that suffer from labor shortages. Relevant training expenses, allowances and expenses for transportation and meals are subsidized. In 2012, a total of 28,879 people were provided with 1.6775 trillion KRW in such subsidies.

3-3. Vocational training for vulnerable groups

In 2011, the previous supply-oriented vocational training for the unemployed was completely

replaced by the individual training account system. As a result, ITA training courses specialized for the self-employed, North Korean defectors and marriage immigrants were introduced. Participants in these courses are exempt from the out-of-pocket payment requirement and, if they participate in the 'employment success package' program, are additionally offered a higher subsidy ceiling of 3 million KRW.

3-3-1. Self-employed people

If a person who meets any of the following conditions participates in a training course needed for employment and business start-up, the training expenses and expenses for transportation, etc. are subsidized: an entrepreneur eligible for simplified tax filing (tax-exempt entrepreneur) under the Value Added Tax Act, who has annual sales below the amount set by the Minister of Employment and Labor and has registered him/herself as a job-seeker and wants to receive training; and an entrepreneur who has received confirmation for credit recovery assistance from the Credit Counseling and Recovery Service.

With the introduction of the optional employment insurance coverage for self-employed people and employers with fewer than 50 employees in 2012, the government has encouraged self-employed people to join the insurance system, and thus expanded EI-funded support for their vocational training.

3-3-2. North Korean defectors

With a view to helping North Korean defectors find stable employment and become self-reliant, the government offers them vocational training along with training expenses and allowances. In 2011, 850 million KRW were spent to fund the training of 774 North Korean defectors under the Learning Card System.

4. National Technical Qualification System

4-1. Introduction

In Korea, the qualification system offers two types of qualifications: national qualifications and

private qualifications. National qualifications can be divided into national technical qualifications under the National Technical Qualifications Act and national (specialized) qualifications under other individual laws and regulations. Private qualifications can be classified into the following: purely private qualifications, certified private qualifications officially recognized by the government, and qualifications issued by companies for the purpose of certifying the skill levels of their workers.

+ National and private qualifications by competent authority

(As of Oct. 31, 2013)

Classification		No. of qualifications	Governing law	Competent authorities	Specific qualifications (e.g.)
National qualifications	Technical	523	National Technical Qualifications Act (Ministry of Employment and Labor)	Ministry of Employment and Labor (19 ministries, agencies, administrations and commissions)	Professional technician, master craftsman, engineer, industrial engineer, craftsman, word processor, etc.
	Specialized	491 (141 occupations)	Individual laws/regulations	24 ministries, agencies, administrations and commissions	Lawyer (under Attorney-At-Law Act), medical doctor (under Medical Act), certified labor affairs consultant, referee, driver's license, etc.
Private qualifications	Publicly certified	91 occupations	Framework Act on Qualifications (Ministry of Employment and Labor, Ministry of Education)	12 ministries, agencies and administrations (entrusted to Korea Research Institute for Vocational Education and Training)	Credit manager, practical Chinese characters, Internet data manager, information protection professional, etc.
	Purely private	5,287 occupations	Framework Act on Qualifications (Ministry of Employment and Labor, Ministry of Education)	Ministry of Education	Hospital coordinator, carbon emission trader, etc.
	Company-issued	115	Employment Insurance Act (Ministry of Employment and Labor)	Ministry of Employment and Labor	Digital master, client counselor, etc.

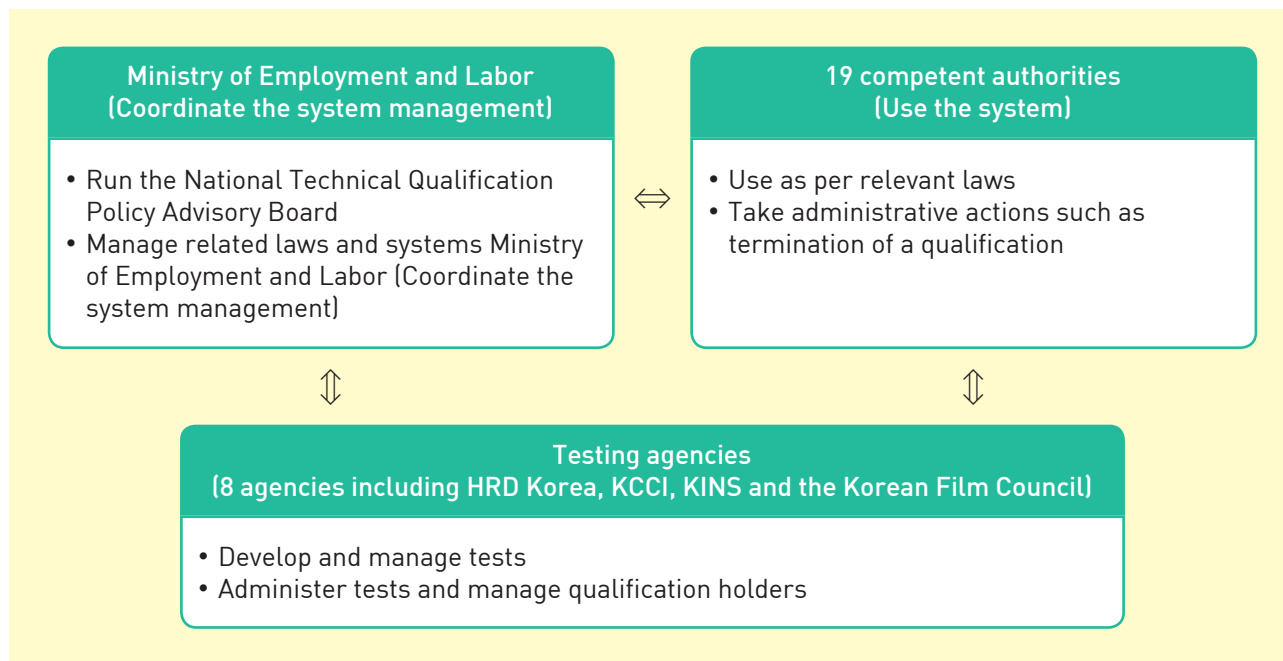
4-2. National Technical Qualification System in Korea

4-2-1. Operating mechanism

National technical qualifications are separately managed by 19 ministries, agencies, administrations, and commissions according to industry where a particular qualification is required. The Ministry of Employment and Labor plays a coordinating role.

Qualification tests are administered by 8 specialized agencies entrusted by the government. They include the Human Resources Development Services of Korea, the Korea Chamber of Commerce and Industry (KCCI), the Korea Institute of Nuclear Safety (KINS), the Korean Film Council, the Korea Radio Promotion Agency, the Mine Reclamation Corporation, the Korea Creative Content Agency, and the Korea Internet and Security Agency.

+ Operating Mechanism of National Technical Qualification System





4-2-2. Grades and types

The national technical qualification system offers a total of 523 qualifications, which can be broadly divided into technical/skill qualifications and service qualifications.

Each technical/skill qualification consists of 5 grades: professional technician, master craftsman, engineer, industrial engineer, and craftsman. There are certain application requirements for each grade to allow only those who meet the requirements to take the test.

In the case of service qualifications, there are single-grade qualifications and qualifications consisting of 1~3 grades. Application requirements are different depending on qualification type and grade.

4-3. Current status of national technical qualification applicants and holders

In 2012, 2,900,000 people applied for national technical qualification tests and 530,000 of them successfully acquired qualifications (average success rate: 17.3%).

The most popular qualifications among applicants were computer skills (560,000), cook-craftsman (Korean food) (280,000), word processor (270,000), forklift operator-craftsman (120,000), beautician (skin care) (120,000), data processing engineer (110,000), beautician (general) (100,000) and cook-craftsman (Western food) (70,000).

As of the end of 2012, a total of 25,740,000 people had acquired national technical qualifications (13,070,000 technical/skill qualification holders and 12,670,000 service qualification holders).

4-4. Major reforms to the National Technical Qualification System

In order to make the national technical qualification system more relevant and useful, the government formulated and implements 'the 3rd basic plan to develop the national technical qualification system (2013-2017)'. According to the plan, the government has pursued policy tasks, such as producing quality technical talent tailored to workplace needs, promoting open employment, social integration and lifelong skills development and advancing the way the qualification system operates.

4-4-1. Improved framework for operating the qualification system

First of all, measures were taken to redefine the role of the national technical qualification system, establish its relationships with other relevant systems and reinforce the mechanisms for analyzing and evaluating qualification information. In particular, efforts were made to respond flexibly to changing industrial needs and to promote the private qualification market.

To this end, the government has continuously upgraded national technical qualifications by introducing new qualifications and merging or abolishing existing qualifications to reflect changing industrial needs. And the operating mechanism has been improved by reforming the application requirements, classification system and exemption scheme.

Especially in 2010, the classification system, which had failed to reflect occupational and industrial changes and remained the same for about 30 years since the establishment of the National Technical Qualification Act, was reorganized in line with KECO (Korean Employment Classification of Occupation), thereby laying the groundwork for being able to operate the national technical qualification system in a way to keep up with the current state of occupations.

4-4-2. Enhanced relevance of qualification tests

To make qualification tests more relevant, the government is making efforts to guarantee the adequacy of qualification tests, expand related infrastructure, build the quality management system for testing agencies and improve the quality of qualification testing services.

More specifically, with a view to improving the quality of qualification tests, the government has entrusted more tests to the private sector. As a result, the number of entrusted private testing agencies rose from 2 in 2007 to 8 in 2010.

In addition, the government operates 'the practical test venue certification system' to provide practical tests suited to industrial needs by utilizing good test facilities and equipment in the private sector. The government also provides support to promote 'state-certified company-issued qualifications' which are private qualifications most closely related to development of workers' vocational skills.

4-4-3. Development and utilization of National Competency Standards

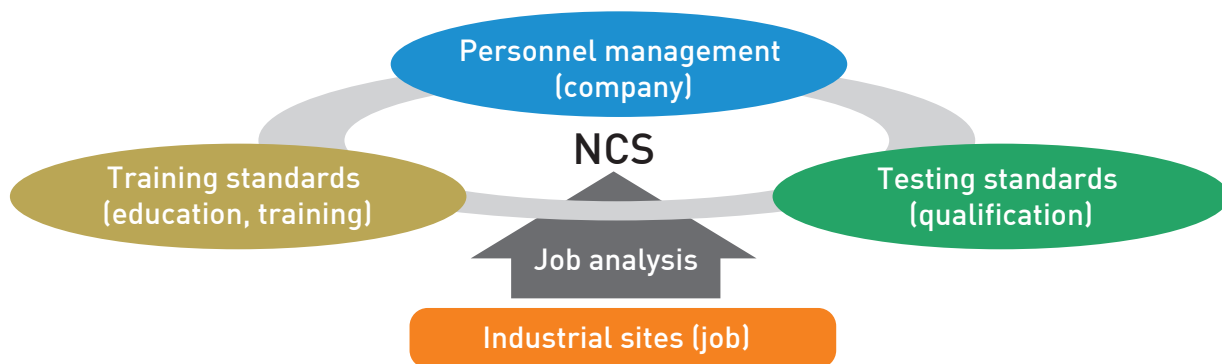
① Significance

It has been suggested that there should be a new HRD infrastructure which systematizes the knowledge and skills required in industrial sites and applies them to jobs, training/education, and qualifications to develop and foster the human resources needed by the labor market.

To meet this need, the Economic and Social Development Commission discussed 'measures to improve the vocational skills development training system' in July 2001, and the Ministry of Employment and Labor started to develop and apply National Competency Standards (NCS) in 2001.

'National Competency Standards' refers to competency units, such as the knowledge and skills workers need to perform their jobs in industrial sites, which are standardized at the national level. NCS for 286 occupational areas were developed between 2002 and 2012 and are used as basic materials to link 'jobs, training and qualifications' together at the industry level.

+ NCS connects 'job, education/training and qualification' with each other, serving as a key foundation for human resources development.



② Future direction

When the present administration took office, it placed 'creating a society oriented towards not academic backgrounds but competencies' on the national agenda. To achieve this goal, the government will complete the development of National Competency Standards early, and actively expand their use.

First of all, the government will have completed the development and improvement of National Competency Standards for all job areas, including 250 standards currently under development, by 2014. Application packages are developed along with standards to enhance their applicability in workplaces.

The government has also come up with and is implementing the following application measures with a view to reforming 'the vocational education/training and qualification systems' based on developed National Competency Standards and promoting the application of such standards by companies.

First, National Competency Standards reflecting the needs of industry will be applied to school curricula. To that end, specialized high schools' curricula will be reorganized (pilot operation in three schools) and the new curriculum model will be spread to other schools.

Second, National Competency Standards will be reflected in vocational training courses. To that end, new training standards that take account of developed and improved National Competency Standards will have been completely developed by 2014 and will be used in public training institutions first.

In the case of private training institutions, the government will give extra points to training courses reflecting National Competency Standards when it considers approving training courses in 2013 and 2014. All training courses will be required to reflect National Competency Standards in 2015 and beyond.

Third, the government will reform the qualification system in line with National Competency Standards. For instance, it will revamp the national technical qualification test criteria and redesign the types and grades of national technical qualifications.

Fourth, with its comprehensive HRD services for companies, the government will help companies transform their personnel management systems into NCS-based ones suitable for individual companies and enable workers' lifelong vocational skills development so as to promote the application of National Competency Standards by companies.

VI. Employment Insurance System

1. Introduction

The Employment Insurance (EI) System of Korea was introduced on July 1, 1995 to prevent joblessness, promote employment and improve workers' vocational skills. It is also aimed at securing a stable livelihood and supporting early employment by paying benefits needed for living in case a worker loses his or her job. The EI is a comprehensive labor market policy and a social security system including employment security and vocational skills development programs aimed at preventing unemployment and promoting employment as well as a traditional unemployment insurance program providing unemployment benefits.

2. Employment insurance coverage

2-1. EI-covered businesses

Since October 1998, all workplaces with one or more employee have been subject to the Employment Insurance System. Excluded from coverage are unincorporated businesses with four employees or fewer in the agricultural, forestry, fishery or hunting industries; construction projects conducted by individuals whose total construction cost is less than 20 million KRW; construction projects which are undertaken to construct or renovate on a large scale a building with a total floor area of 100m² or less; and housekeeping services.

+ Expansion of EI coverage

	Ordinary businesses (based on no. of ordinarily employed workers)					Construction work (based on total construction cost in million KRW)			
	~'98	Jan 1 '98~	Mar 1 '98~	Jul 1 '98~	Oct 1 '98~	~Jul 1 '98	~Dec 31 '03	Jan 1 '04~	Jan 1 '05~
Unemployment benefits	30 or more	10 or more	5 or more	5 or more	1 or more	3,400 or more	340 or more	20 or more	all undertaken by licensed constructors
Employment security-vocational skills development	70 or more	50 or more	50 or more						


2-2. Workers excluded from EI

In principle, the EI should apply to all workers at businesses covered by the EI. However, due to difficulties in managing insurance work and/or unique occupational characteristics, the following people are excluded from EI coverage: people who are employed or start up their own businesses after the age of 65 or over (except for employment security and vocational skills development programs); people whose monthly working hours are less than 60 hours (including those whose weekly working hours are less than 15 hours); public officials (optional coverage for special and contract public officials); and so on.

2-3. EI coverage for the self-employed

There was a growing consensus on the need to build a social safety net which would help self-employed people to get reemployed or start a new business in the case of business closure. Thus, amendments to the Employment Insurance Act and the Act on the Collection of Premiums, etc. of Employment Insurance and Industrial Accident Compensation Insurance, which would allow self-employed people to opt into the unemployment benefit program, were passed at the National Assembly, and the EI (unemployment benefits) for self-employed people took effect on January 22, 2012.

To receive unemployment benefits, a self-employed person should sign up for the employment insurance within six months after the business opening date specified on his/her business registration certificate. There are five different insurance premiums depending on announced standard remuneration. The self-employed person should select one standard remuneration amount and then



sign up, and may change his/her standard remuneration amount during his/her insured period. The insurance premium rate is 2.25% of the selected standard remuneration. In case of involuntary business closure, he/she can receive unemployment benefits amounting to 50% of the standard remuneration for a prescribed benefit period.

2-4. Premium rates

EI premium rates are divided into the rate for employment security and vocational skills development programs and the rate for unemployment benefits. In July 2013, the rate for unemployment benefits was raised from 1.10% (0.55%, each from employer and employee) to 1.30% (0.65% each from employer and employee).

3. Details and outcomes of employment insurance programs

EI programs are categorized into the employment security program, the vocational skills development program, unemployment benefits and the maternity protection program.

3-1. Employment security program

The employment security program is in place to guarantee job security for workers in response to technological advances and the changing industrial structure while providing reasonable support to employers' efforts for employment adjustment. Unlike unemployment benefits, this program is an active labor market policy to cope actively with changing labor market conditions.

The employment security program, introduced in 1995, mainly consists of employment creation support, employment retention subsidy, employment promotion support, etc. Thanks to the restructuring efforts that took place in 2010, the program is now more efficiently managed and puts greater emphasis on vulnerable groups of people.

The employment retention subsidy is offered to an employer who needs to adjust employment for reasons of economic recession or difficult business conditions. If the employer takes job retention measures, such as temporary business shutdown, employee training, leave of absence or workforce

reallocation, the government subsidizes the wages (2/3~3/4 of the employer-paid wages) and training costs to prevent dismissal of skilled workers.

+ Payment of employment retention subsidy by year

	2011			2012			Oct. 2013		
	No. of cases	No. of beneficiaries	Subsidy amount	No. of cases	No. of beneficiaries	Subsidy amount	No. of cases	No. of beneficiaries	Subsidy amount
Yearly total	2,157	31,541	25,932	1,721	37,141	33,643	1,226	23,315	20,003

The employment promotion support program is aimed at facilitating the employment of those facing particular difficulties in finding work under normal labor market conditions, including the aged, the long-term unemployed and women. In 2011, the 'new employment promotion grant', which had some side effects, such as perfunctory job placement, deadweight loss and unnecessary employment, was upgraded and renamed as 'employment promotion subsidy'. Employers may receive the subsidy if they hire those who register themselves as job seekers and participate in the employment support programs recognized by the Ministry of Employment and Labor.

3-2. Vocational skills development program

The vocational skills development program was introduced to effectively respond to structural changes in the labor market, particularly labor supply and demand and employment practices, due to Korea's progress towards a knowledge-based society and to facilitate human resources development for stronger national competitiveness.

3-3. Unemployment benefits

Unemployment benefits are paid for a given period of time to promote the reemployment of the unemployed by stabilizing their livelihoods and that of their families and systematically providing them with information on job vacancies. Unemployment benefits is mainly composed of job-seeking benefits, extended benefits and employment promotion allowances.

3-3-1. Job-seeking benefits

To be eligible for job-seeking benefits, workers should be insured for at least 180 days during the 18 months prior to getting out of employment at a covered business. The benefit duration varies from 90 to 240 days depending on the contribution period and age at the time of job loss.

An unemployed person is eligible for job-seeking benefits only if he/she has complied with the mutual obligation of work search and shows up at a public employment service agency to verify his/her compliance. Since March 2011, a new system has been implemented under which those able to work may send documented evidence to a public employment service agency via the Internet, instead of making a visit in person.

The amount of job-seeking benefits is 50% of the previous average wage. In order to bridge the gap in benefit amount and ensure fairness between workers, the lower limit is set at 90% of the minimum wage while the upper limit of daily benefits is 40,000 KRW.

Eligibility requirements	Benefit level						
<ul style="list-style-type: none"> • The person should be insured for at least 180 days during the 18 months prior to unemployment at an EI-covered workplace; • The person has failed to gain employment although he/she is willing and able to work; and <ul style="list-style-type: none"> ※ voluntary unemployment and dismissal due to one's serious faults are excluded. • The person is actively seeking reemployment. 	<ul style="list-style-type: none"> • 50% of the previous average wage <ul style="list-style-type: none"> - max/day : 40,000 KRW - min/day : 90 % of the hourly minimum wage • Benefit duration 						
	(No. of days)						
	Insured period	less than 1 yr	1~less than 3 yrs	3~less than 5 yrs	5~less than 10 yrs	10 yrs or more	
	Age						
	younger than 30	90	90	120	150	180	
30~younger than 50	90	120	150	180	210		
50 or older or the disabled	90	150	180	210	240		

In case an eligible person is unable to work for 7 days or longer due to disease, injury or childbirth, he/she can receive the 'injury-disease benefit' in lieu of the job-seeking benefit.

In 2012, 3,442,031 million KRW (up 2.9% from a year ago) was paid to 1,127,455 people (down 1.6% from a year ago).

(Persons, million KRW)

	2010		2011		2012	
	No. of beneficiaries	Amount paid	No. of beneficiaries	Amount paid	No. of beneficiaries	Amount paid
Job-seeking benefit	1,213,059	3,487,576	1,142,420	3,346,591	1,127,455	3,442,031

3-3-2. Extended benefits

Extended benefits are classified into the following categories: benefits for extended training, individual extended benefits and special extended benefits.

Benefits for extended training are offered to people who are deemed by the head of a public employment service agency to get re-employed easily if they receive vocational skills development training. Such individuals are ordered to receive training and can receive 100% of job-seeking benefits for an extended period of up to two years during which they receive the training.

Individual extended benefits are offered to people who, even after having been referred to job vacancies three or more times by a public employment service agency, fail to gain employment and are considered needy. They can receive 70% of job-seeking benefits for an extended period of 60 days.

Special extended benefits are offered to people who are deemed to have difficulty in getting reemployed due to a sudden rise in unemployment, etc., and whose unemployment benefit period has expired, during a period designated by the Minister of Employment and Labor. They can receive 70% of job-seeking benefits for an extended period of up to 60 days. Such benefits were provided three times during the economic crisis of 1998, but have not been offered since.

3-3-3. Employment promotion allowances

The employment promotion allowance was introduced as an incentive to encourage job-seeking benefit recipients to find reemployment early through active job-seeking activities. It can be classified into early reemployment allowance, wide-area job-seeking allowance and moving allowance. Most

employment promotion allowances are paid in the form of an early reemployment allowance. The early reemployment allowance is offered to job-seeking benefit recipients who find stable work before the end of their job-seeking benefit duration. They are paid a certain amount of allowance as an incentive. This allowance is designed to promote early reemployment through active job-seeking activities.

Sweeping changes were made to the system in February 2010. Under the reformed system, allowances which were paid at differentiated rates (1/3~1/2) based on the time of reemployment are paid at the same single rate of 1/2 of the remaining benefit days (2/3 for the disabled and those aged 55 or over). And no allowance is paid to those in a waiting period or with fewer than 30 benefit days left. The government paid 234,635 million KRW in 2012, a 9.3% increase from the previous year.

3-4. Maternity protection program

3-4-1. Maternity leave (miscarriage or stillbirth leave) benefits

When a female worker gives birth, her employer should grant her maternity leave of 90 days (Even in the case of miscarriage or stillbirth, miscarriage or stillbirth leave of up to 90 days (depending on her pregnancy period) should be granted.). The amount of maternity leave (miscarriage or stillbirth leave) benefit should be equivalent to the ordinary wage under LSA on the start date of the leave, but if the ordinary wage of the worker concerned is larger than 1.35 million KRW, the worker shall be given 1.35 million KRW in maternity leave benefits.

(Persons, million KRW)

	2010		2011		2012	
	No. of beneficiaries	Amount paid	No. of beneficiaries	Amount paid	No. of beneficiaries	Amount paid
Maternity leave benefit	41,732	178,121	58,137	276,261	64,069	357,798

3-4-2. Childcare leave benefits

The childcare leave system allows workers to take leave to care for their child for a certain period

while keeping their status as employees. It is a social support system intended to enable workers to balance work and family life. In the past, childcare leave was unpaid and employers had no obligation to pay wages during childcare leave, so workers who would be in financial trouble while on unpaid leave could hardly afford to use this leave. Therefore, the childcare leave benefit was introduced in 2001 to support the livelihoods of workers on childcare leave.

(Persons, million KRW)

	2010		2011		2012	
	No. of beneficiaries	Amount paid	No. of beneficiaries	Amount paid	No. of beneficiaries	Amount paid
Childcare leave benefit	41,732	178,121	58,137	276,261	64,069	357,798

3-4-3. Benefits for reduced working hours for childcare

The system of allowing workers to reduce their working hours to 15~30 hours during a childcare period instead of taking childcare leave was introduced on June 22, 2008. Furthermore, the benefit for reduced working hours for childcare has been provided to workers who work shorter hours during a childcare period since September 22, 2011. The amount of benefit is calculated by multiplying the amount of childcare leave benefit by the workweek reduction rate.

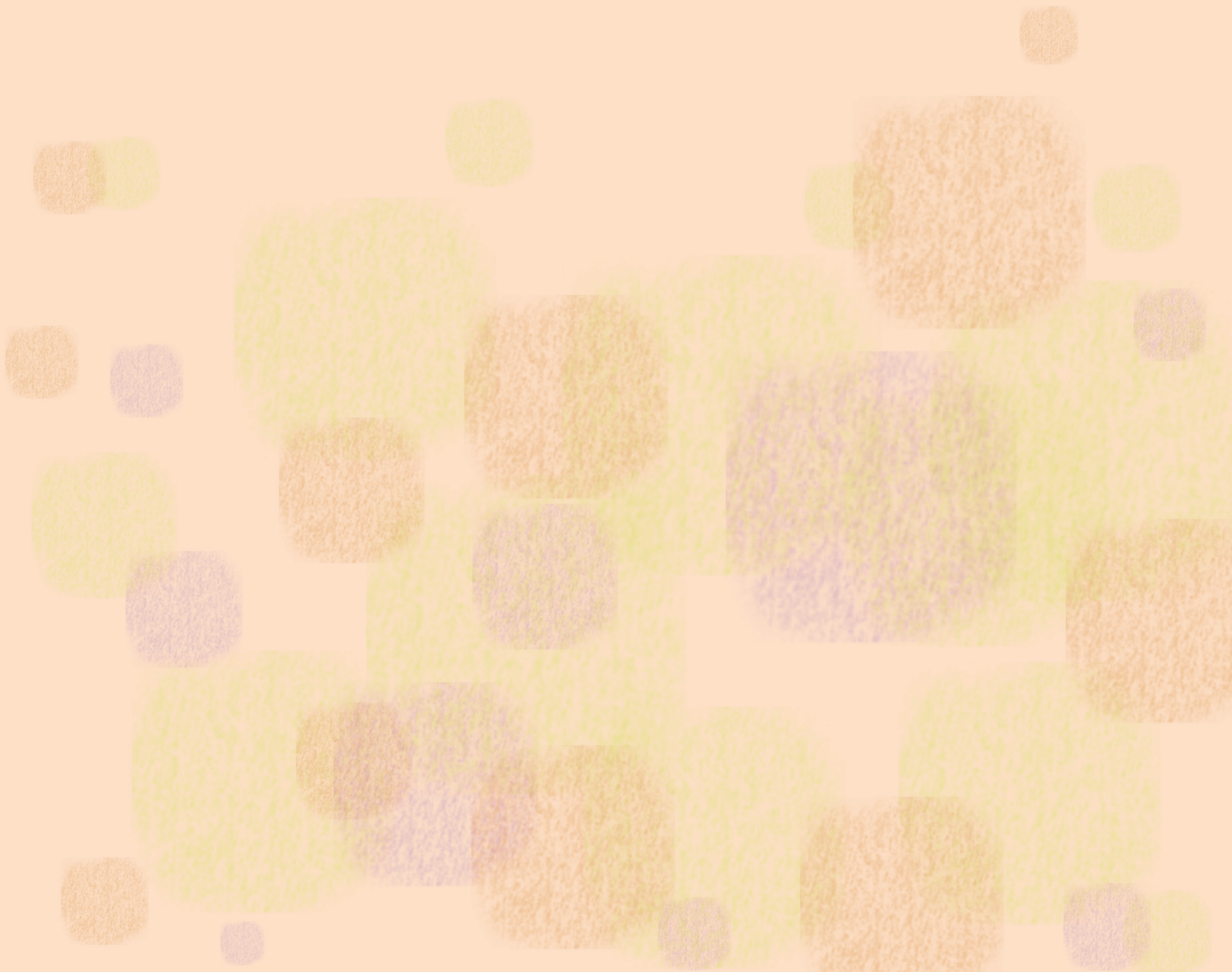
+ Employment Insurance in Korea

(As of Oct. 2013)

Classification	Employment Insurance
Purpose	To prevent unemployment; stabilize unemployed people's livelihoods; and develop workers' vocational skills
Year of introduction	1995
Competent authority	Ministry of Employment and Labor (Korea Workers' Compensation & Welfare Service in charge of application and National Health Insurance Corporation in charge of premium collection)
Coverage	All workplaces
Reference for premium calculation	Total pay
Average premium rate	0.65% for employees and 0.9%~1.5% for employers
Premium payment method	Monthly notification (monthly or quarterly payment and self-reporting system for construction, lumbering, etc.)
Benefits	<ul style="list-style-type: none"> - Unemployment benefit - Employment security subsidy - Vocational skills development subsidy, etc.
Businesses and workers excluded from coverage	<ul style="list-style-type: none"> - Unincorporated businesses with four or fewer ordinarily employed workers in the agricultural, forestry, fishing or hunting industries - Construction work carried out by those other than housing constructors, whose total cost is less than 20 million KRW or which is undertaken to construct a building with a total floor area of 100m² or less or renovate a building with a total floor area of 200m² or less - Domestic service - Those who are employed or starts up their own businesses after the age of 65 or over (except for employment security and vocational skills development programs) - Those whose monthly working hours are less than 60 hours (including those whose weekly working hours are less than 15 hours) - Public officials and those subject to the Private School Teachers Pension Act (Optional coverage for special public officials) - Special postal workers

Part 3

Protection of Working Conditions and Promotion of Workers' Welfare




I . Overview

The Labor Standards Act (LSA) in Korea provides for working conditions, such as wages, working hours, holidays and leave, which are applicable to the employment relationship, and thereby lays down the legal framework for guaranteeing and promoting workers' basic livelihoods. The statutory working conditions specified in the LSA are minimum standards that should not be degraded in any case. That is, in the event that an employment contract sets forth working conditions that fall short of the statutory standards, the contractual provisions specifying those working conditions will be considered invalid and replaced by the corresponding legal standards. In principle, the LSA applies to all businesses or workplaces with at least five ordinarily-employed workers. However, some of its provisions (weekly holiday, recess hours, wages, dismissal notice, retirement pay, etc.) are not applied to businesses or workplaces with four or fewer ordinarily-employed workers in consideration of their ability to observe the law, economic conditions, etc. In order to enforce the standard working conditions prescribed by the law, a total of 1,447 labor inspectors (as of the end of Oct. 2013) empowered to enforce the law are working in the Ministry of Employment and Labor (MOEL).

As of August 2013, there were 5,950,000 non-regular workers, accounting for 32.6% of all wage earners. The Act on the Protection, etc., of Fixed-Term and Part-Time Employees and the Act on the Protection, etc., of Dispatched Workers are in force to remove discrimination against non-regular workers and protect their working conditions. The government is taking measures to protect non-regular workers, such as reinforcing the social safety net for non-regular workers and strengthening the inspection of workplaces employing non-regular workers.

Moreover, with a view to promoting the welfare of workers, the government is providing support for employee welfare facilities, livelihood security loans, credit guarantee support, etc. As a corporate welfare measure, the Employee Stock Ownership Plan is implemented, which allows workers to acquire their companies' shares, thereby enabling them to accumulate wealth and contribute to labor-management cooperation. The government is also operating the Employee Welfare Fund System



which requires employers to contribute a portion of their company's operating profits to a fund and use it for employee welfare.

In addition, the government is operating the Retirement Pension System which requires employers to set aside an equivalent amount of retirement pay in a financial institution outside of the company so that their employees can receive pensions in the form of an annuity or a lump-sum payment upon retirement.

II . Addressing the practice of working long hours

1. Improvement of the working hour system and tripartite discussions

1-1. Reduction of statutory working hours

The government reduced the statutory working hours from 48 hours a week to 44 hours a week in 1989, and phased in the 40-hour working week according to enterprise size starting from 2004. As a result, the application of the 40-hour working week was extended to workplaces with five or more employees but less than 20 employees in July 2011. Considering that workplaces with fewer than five employees are excluded from the statutory working hours anyway, it can be said that the task of institutionally reducing the statutory working hours was virtually finished.

On June 8, 2010, after one year of discussion, 'the working hour and wage system improvement committee' of the Economic and Social Development Commission (ESDC) reached an agreement to reduce the average annual hours worked to 1,800 hours by 2020 with the aim of removing the practice of working long hours and creating a productive work culture.

Based on this tripartite agreement, MOEL came up with the 'comprehensive measures to improve the practice of working long hours' in December 2010, and has pushed ahead with those measures, including institutional reforms, guidance and inspection and support for SMEs, since 2011.

1-2. Other institutional improvements related to working hours


In a bid to promote the annual leave system, the LSA was revised to require employers to encourage the use of annual leave six months, instead of the previously stipulated three months, before workers' right to ask for such leave becomes extinguished, and to grant one day of annual

leave for each month of uninterrupted service even to workers who have achieved less than 80% attendance over a one-year period (effective since Aug. 2, 2012).

Meanwhile, the ESDC launched the 'committee on reduction of actual hours worked' on March 6, 2012 to come up with a concrete action plan to implement the tripartite agreement to reduce hours worked to 1,800 hours by 2020 (2010). The committee put high on its agenda discussions on improvement measures, such as reducing extended work, spreading flexible work arrangements, reforming shift work, and promoting the use of leave. After gathering opinions from workplaces and holding various in-depth discussions between labor and management for about one year, the committee found consensus on the need to reduce actual hours worked, and could narrow the differences of opinion between labor and management somewhat. However, the employers' and workers' representatives on the committee failed to reach an agreement due to their persistent differences over some institutional reforms, and the public interest members proposed a recommendation instead on April 4, 2013.

+ Public interest members' recommendation for reduction of actual hours worked

- ① Holiday work should be included in the scope of extended work. However, this should be phased in according to enterprise size, and accompanied by a higher limit on extended work, which applies in exceptional cases if certain requirements are met.
- ② The unit period applicable under the flexible worktime system should be lengthened and measures, including the working time savings account scheme, should be taken to make working hours more flexible.
- ③ Employers and workers should make efforts to change their shift work schedules into ones that are more humane and diverse than a day-night 2-shift work schedule, and the government should provide comprehensive support for such efforts.
- ④ Employers and workers should make efforts to promote the use of holidays and leave, and the government should conduct inspections to find violations of laws and come up with proper support measures.
- ⑤ Workers should cooperate in increasing productivity in order to preserve their incomes and businesses should strive to preserve workers' incomes to the extent that they can expand facility investment and increase productivity.
- ⑥ Other measures, such as those to remove the blind spot excluded from the provisions on working hours, to make working hours more flexible and to create more decent part-time jobs, should continue to be discussed through a future consultative body.



Based on that recommendation, interested parties, including workers and employers, have continued discussions to establish and implement a tripartite action plan to improve the practice of working long hours.

2. Guidance and inspection activities for workplaces with working long hours

The government has strengthened its guidance and inspection activities for workplaces where workers work long hours. A 'working hour inspection squad' was created at each local employment and labor office to actively help companies voluntarily reduce their long working hours. For instance, it conducted on-going inspections of workplaces engaged in the practice of working long hours, such as a day-night two-shift work schedule, to find violations of law, and connected workplaces to consulting services offered by the Korea Labor Foundation. In the first half of this year, a total of 314 workplaces were inspected in relation to long working hours. Among those inspected, 272 were found to have violated the relevant law, and newly hired 765 workers to correct their violations.

3. Enhanced support for SMEs reducing working long hours

The government has also strengthened its support for SMEs which reduce their long working hours. SMEs were offered various consulting services suited to their circumstances through the Korea Labor Foundation with regard to reforming shift work, promoting the use of leave and introducing flexible working time arrangements (81 workplaces in 2012 and 188 by the end of Oct. 2013). Many successful cases of reducing long work hours were created as a result.

Best practice	Positive effects																
<p>Koiz Chungju (LCD display film manufacturer with 60 employees in Chungju, Chungbuk)</p> <ul style="list-style-type: none"> • After consulting, the company replaced its day-night 2 shift schedule with a 3-team 2-shift schedule by adding 10 new employees. • Its production volume and employee wages could be retained 100% thanks to higher operating rate and productivity. 	<table border="1"> <thead> <tr> <th>Metric</th> <th>before change (2010)</th> <th>after change (2011)</th> <th>Change (%)</th> </tr> </thead> <tbody> <tr> <td>Sales (₩)</td> <td>180</td> <td>270</td> <td>+50%</td> </tr> <tr> <td>Employees (persons)</td> <td>50</td> <td>60</td> <td>+20%</td> </tr> <tr> <td>Weekly working hours</td> <td>52</td> <td>40.6</td> <td>-22%</td> </tr> </tbody> </table>	Metric	before change (2010)	after change (2011)	Change (%)	Sales (₩)	180	270	+50%	Employees (persons)	50	60	+20%	Weekly working hours	52	40.6	-22%
Metric	before change (2010)	after change (2011)	Change (%)														
Sales (₩)	180	270	+50%														
Employees (persons)	50	60	+20%														
Weekly working hours	52	40.6	-22%														
<p>W-scope Korea (lithium-ion battery separator manufacturer with 112 employees in Cheongwon, Chungbuk)</p> <ul style="list-style-type: none"> • After consulting, the company replaced its 3-team 2-shift schedule (under which production employees worked 16 overtime hours per week) with a 4-team 3-shift schedule by adding 28 new employees. • Employee wages could be retained as a result of increasing annual pay (13%) and meals allowances and paying incentives due to sales growth. 	<table border="1"> <thead> <tr> <th>Metric</th> <th>before change (2010)</th> <th>after change (2011)</th> <th>Change (%)</th> </tr> </thead> <tbody> <tr> <td>Sales (₩)</td> <td>220</td> <td>470</td> <td>+113%</td> </tr> <tr> <td>Employees (persons)</td> <td>84</td> <td>12</td> <td>+33.3%</td> </tr> <tr> <td>Weekly working hours</td> <td>56</td> <td>42</td> <td>-25%</td> </tr> </tbody> </table>	Metric	before change (2010)	after change (2011)	Change (%)	Sales (₩)	220	470	+113%	Employees (persons)	84	12	+33.3%	Weekly working hours	56	42	-25%
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Moreover, for SMEs which not only reduce working hours but also hire new employees through shift work reforms, etc., the job-sharing subsidy was expanded in terms of both amount and duration (amount: 7.2 million KRW → 10.8 million KRW a year, duration: 1 year → 2 years). A total of 2,479 people in 2012 and 2,013 in 2013 (as of the end of Oct.) were approved to receive, or received, this subsidy. In addition, in 2014, the government will increase support for the cost of hiring new employees and introduce new support to cover the costs of investing in facilities and preserving the wages of existing employees, thereby intensively helping enterprises with the process of reducing long work hours.

4. Improvement of social perception and creation of national consensus

Since 2012, MOEL has publicized its project called 'create a hopeful workplace' through TV, radio and special articles all year round, and published a best practice casebook for reducing working hours and distributed its copies to workplaces.

It has also developed and operated educational programs designed to teach corporate CEOs, personnel managers and union officials about the necessity of improving the practice of working long hours and specific ways to do so.

III. Minimum Wage System and Establishment of Basic Employment Order

1. Minimum Wage System

1-1. General status

The minimum wage system, implemented since January 1, 1988, is a system under which employers are forced by law to pay workers no less than the minimum wage determined and announced by the government, thereby guaranteeing a minimum livelihood for workers.

The minimum wage applies to all workers employed in workplaces with one ordinarily-employed worker or more. However, 90% of the hourly minimum wage rate may be applied to workers on probation for up to three months after employment (excluding fixed-term workers on a less than one-year contract) and workers engaged in surveillance or intermittent work with the approval of the Minister of Employment and Labor. Workers with disabilities may be excluded from the application of the minimum wage with the approval of the Minister of Employment and Labor.

The Minimum Wage Council deliberates and decides on a minimum wage proposal and then submits it to the government. The minimum wage rate for 2013 is 4,860 KRW per hour or 38,880 KRW per day (8-hour day).

+ Minimum wage rate by year

(in KRW)

Year	Sep. 2003~ Aug. 2004	Sep. 2004~ Aug. 2005	Sep. 2005~ Aug. 2006	Jan. 2007~ Dec. 2007	Jan. 2008~ Dec. 2008	Jan. 2009~ Dec. 2009	Jan. 2010~ Dec. 2010	Jan. 2011~ Dec. 2011	Jan. 2012~ Dec. 2012	Jan. 2013~ Dec. 2013
Hourly rate	2,510	2,840	3,100	3,480	3,770	4,000	4,110	4,320	4,580	4,860
Daily rate	20,080	22,720	24,800	27,840	30,160	32,000	32,880	34,560	36,640	38,880

1-2. Efforts to ensure compliance with minimum wage

1-2-1. Activities of 'working condition cops for youths'

Since 2010, the government has appointed general citizens as 'working condition cops' in an effort to protect the rights of vulnerable workers and spread the atmosphere of minimum-wage compliance. They have carried out the activities of finding workplaces which fail to comply with the minimum wage and publicizing the minimum wage system. MOEL's 47 local employment and labor offices directly selected such cops in 2013. As a result of their activities (since Feb. 2012), they had detected 1,484 workplaces which violated, or were suspected of violating, the minimum wage, and conducted publicity activities in 52,989 workplaces by August 2013. In 2013, 'minimum wage cop' was renamed 'working condition cop for youth', and those civilian cops performed their duties throughout the year.

1-2-2. Guidance and inspection to find violations of the Minimum Wage Act

By September 2013, the government had inspected 9,949 workplaces employing a large number of non-regular workers and young people, including those found by civilian cops and reported through the cyber reporting center. As a result, 898 workplaces were found to have paid less than the minimum wage. They were ordered to correct their violations, but six workplaces failed to comply with the corrective order and so were judicially treated.

1-2-3. Publicity activities and campaigns to encourage minimum-wage compliance

After the 2014 minimum wage was confirmed and announced on August 2, 2013, MOEL's 47 local employment and labor offices around the country held meetings with employers and information sessions, developed PR leaflets and flyers and distributed them mainly to vulnerable workplaces. The government also made efforts to enhance awareness of the minimum wage system through diverse means, such as newspaper ads (11 local daily newspapers and 3 free newspapers), line ads on TV and subway LCD ads (14 subway lines nationwide).

2. Strengthening efforts to prevent and clear up overdue wages and related support for workers

2-1. Related administrative innovations and their implementation

In 2013, the government disclosed the list of 234 employers who had habitually delayed the payment of workers' wages, and imposed credit sanctions on 401 employers for failing to pay wages for the first time (Sept. 5, 2013), thereby strengthening the prevention of wage delays and related financial punishment.

Employers subject to disclosure refer to those who delayed the payment of wages, etc., and were convicted for such delays twice or more within three years before the reference date, and owed workers 30 million KRW or more in unpaid wages within one year before the reference date. Information on those employers, including their names, ages, company names and addresses and details of overdue wages, are made public for three years on an official gazette, the relevant website and bulletin boards in local authorities.

In addition, the government introduced the system of restricting employers habitually delaying wages from receiving government awards in February 2013 and strengthened the corrective action criteria by, for example, ordering minimum wage violators to immediately correct their violations and judicially treating them if they fail to do so, in October 2013.



2-2. Labor dispute settlement support teams

Labor inspectors, who have to deal with 300,000 cases each year, are already saddled with heavy workloads, and 'zero overdue wage teams' composed of civilians, such as retired public officials and former corporate employees, have limitations in giving effective responses because they provide only counseling and mediation services concerning wage delays. So in October 2012, MOEL hired civilian professionals, including 47 lawyers and 44 certified labor affairs consultants, and created 'labor dispute settlement support teams' in its 43 local employment and labor offices.

From October to December 2012, those labor dispute settlement support teams provided counseling about overdue wages, unfair dismissal, substitute payments, industrial accidents, discrimination redress, etc., in 18,311 cases and mediated a dispute over overdue wages in 618 cases. From January to October 2013, they provided counseling about overdue pay, unfair dismissal, substitute payments, industrial accidents, discrimination redress, etc., in 139,445 case

2-3. Stronger support for workers with unpaid wages

The government raised the maximum monthly limit on substitute payments which are made to workers who are owed wages, etc., after retirement due to corporate bankruptcy. By the end of October 2013, a total of 580,427 workers had received a combined total of 2.4027 trillion KRW in substitute payments.

Through the free legal aid service program, started on July 1, 2005, which provides free-of-charge legal assistance to workers in taking civil proceedings in relation to overdue wages, 451,542 workers had received free legal aid services by the end of October 2013.

Again in 2013, intensive guidance was provided during national holidays to ensure that employers pay off overdue wages. And 'labor dispute settlement support teams', composed of lawyers and certified labor affairs consultants, were set up in 43 local employment and labor offices to protect workers' rights and interests by providing legal advice and conducting legal proceedings. The government will further strengthen its efforts to remedy breaches of workers' right to claim overdue wages by continuing to make substitute payments and provide free legal aid services to them.

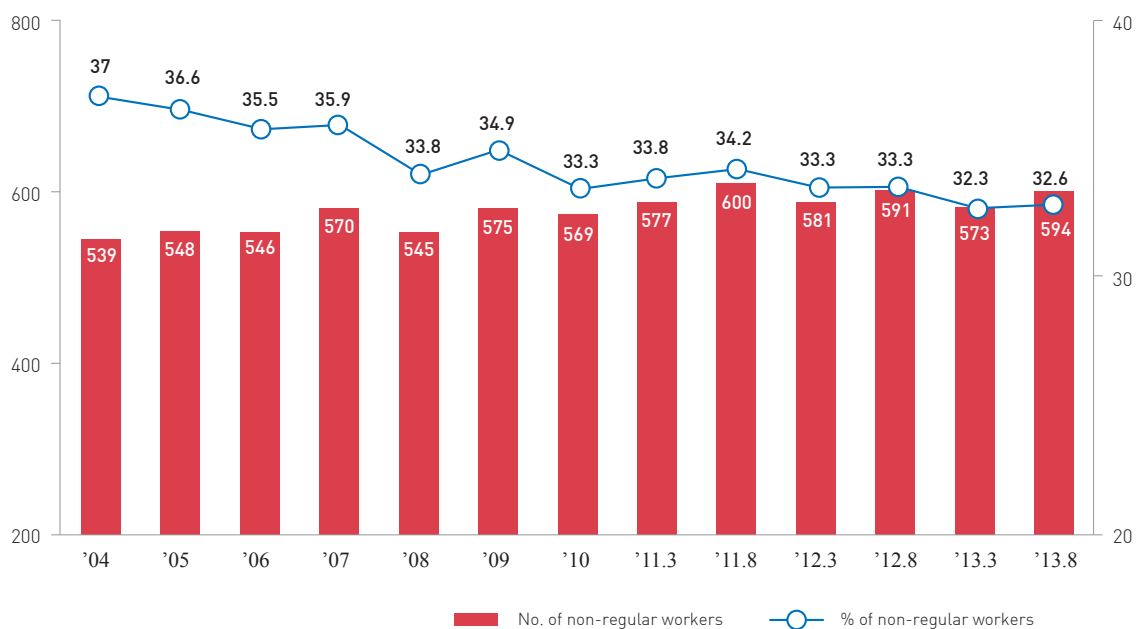
IV. Improvement of Working Conditions of Fixed-Term Workers, etc.

1. Non-regular employment in Korea

As of August 2013, non-regular workers numbered 5,946,000 in total, which accounted for 32.6% of all wage workers in Korea. The number of non-regular workers, after peaking at 5,773,000 in March 2007, continued to decline, but has fluctuated since March 2009 (5,374,000). The proportion of non-regular workers among all wage workers was on the decrease after reaching a peak of 37.0% in 2004, and has stayed at around 32~34% since August 2008.

+ Trend in non-regular employment

(in 10,000 persons, %)





2. Employment security for non-regular workers and protection of their working conditions

The Act on the Protection, etc. of Fixed-Term and Part-Time Employees (hereinafter referred to as "Fixed-Term Workers Act") was established (and took effect in July 2007) to prevent the abuse of fixed-term workers and ensure their employment security. Under this Act which limits the employment period of fixed-term workers to a maximum of two years, if an employer has employed fixed-term workers for more than two years, the workers should be considered, in principle, as workers on an open-ended contract unless there is an exceptional reason not to do so. The Act also provides for 'the discrimination correction system' which allows fixed-term workers (or part-time workers) to seek redress for discrimination through the Labor Relations Commission if they are discriminated against in terms of wages or other working conditions compared to open-ended contract workers (or regular workers) engaged in the same or similar work in the same business or workplace just on the ground of their employment status.

In an effort to protect non-regular workers' working conditions, the overtime work of part-time workers is limited to less than 12 hours per week, thereby protecting them from long hours of work. When signing a contract with a fixed-term or part-time worker, the employer is required to set out, in writing, major working conditions, including the contract term, working hours, place of work and wages.

At present, the Act on the Protection, etc. of Dispatched Workers (hereinafter referred to as "Dispatched Workers Act") allows employers to use temporary agency workers (i.e. dispatched workers) in 32 occupational areas (197 jobs in subclasses of the Korean Standard Occupational Classification). However, if a job vacancy occurs due to childbirth, sickness or injury, or there is a temporary or intermittent need for workers, temporary agency workers may be used, except for the ten prohibited occupations, such as jobs in the construction sector and harmful or hazardous jobs. The maximum period during which a temporary agency worker can be employed is two years. An using employer is obligated to directly employ his/her temporary agency worker if the worker is employed in excess of two years. In the event of a job vacancy due to childbirth, sickness or injury, the employer may use a temporary agency worker for as long as needed for the cause of the vacancy to cease to exist. In the case of a temporary or intermittent need for workers, temporary agency workers may be used for up to six months. Employers using temporary agency workers are banned from discriminating against those workers in terms of wages and other working conditions compared

with workers directly employed by them and engaged in the same or similar work in their business simply on the ground that they are temporary agency workers.


3. Establishment and implementation of comprehensive measures for non-regular workers

The government mapped out the 'comprehensive measures for non-regular workers' (Sept. 9, 2011) with a focus on rectifying unreasonable discrimination against non-regular workers and reinforcing the social safety net for vulnerable groups. In order to implement those measures, the government is taking follow-up measures, including revising relevant laws and regulations, drawing up 'measures to improve non-regular employment in the public sector' and 'guidelines for addressing discrimination by employment type' and conducting 'the project to remove the blind spot outside the coverage of social insurance'.

In particular, the Fixed-Term Workers Act and the Dispatched Workers Act were revised to give labor inspectors the authority to check whether there is discrimination in the workplace, even without being requested to do so by workers, and get rid of discrimination against a large number of workers all at once; and to extend the time limit for requesting redress for discrimination from 3 to 6 months in order to promote the discrimination correction system. Keeping in step with these institutional improvements, the government also conducted intensive inspections of workplaces employing a large number of non-regular workers, thereby spreading the law-abiding atmosphere and making relevant improvements more palpable among workplaces. In 2013, the government conducted guidance and inspection activities in 312 workplaces employing a large number of fixed-term and part-time workers, inspected 8 workplaces (4 companies) in the wholesale and retail trade industry with many in-house subcontractor workers to find illegal dispatch, and inspected 100 workplaces using many in-house subcontractor workers.

4. Protection of in-house subcontractor workers

Furthermore, in order to properly operate the in-house subcontracting regime, protect the working conditions of in-house subcontractor workers and ensure employment security for them, the



government established the 'guidelines for protecting working conditions of in-house subcontractor workers'¹⁾ in consultation with labor, management and related experts on July 18, 2011. The government has operated a group of supporters to improve the working conditions of in-house subcontractor workers since August 2011. They conducted workplace surveys, publicized best practices and concluded compliance agreements²⁾ with 37 workplaces in 2013, thereby creating an atmosphere of compliance with the guidelines.

5. Support for companies' voluntary efforts to redress discrimination

Meanwhile, recognizing that problems with non-regular employment cannot be solved by legal and institutional improvements alone, the government set up 'discrimination-free workplace support teams' (6 locations throughout the country) to make companies voluntarily address discrimination in their workplaces. They have carried out education, publicity and counseling activities for employers and employees since April 2010 and provided 'employment structure improvement consulting for SMEs' (115 SMEs in 2013) to help SMEs reduce discrimination against non-regular workers and convert them to regular employment. They have continued to make awareness-raising efforts, such as campaigns and publicity activities to spread the social consensus on the need to reduce discrimination against non-regular workers.

1) The key contents of the guidelines include: ① when the existing subcontractor is replaced by a new one, the principal contractor should make efforts to retain the employment terms and conditions of the subcontractor's employees; ② the principal contractor should make efforts to reflect the performance of subcontracted business on to the subcontracting price, taking into consideration the subcontractor's contribution; and ③ the principal contractor should give subcontractors' employees an opportunity to present their opinions through, for example, the labor-management council or a meeting with the principal contractor.

2) Large workplaces using many subcontractors (8 companies, including Hyundai Heavy Industries, Samsung Heavy Industries and Daewoo Shipbuilding & Marine Engineering)

V. Promotion of Workers' Welfare

1. Retirement Pension & Welfare System

1-1. Background

As the Employee Retirement Benefit Security Act came into effect in 2005, Korea opened an era of retirement pension. The Retirement Pension System is an advanced system replacing the retirement pay system under which employers accumulate retirement assets inside their companies. Under the Retirement Pension System, employers are required to annually put aside an equivalent amount of retirement pay in a financial institution which then manages the money and to pay workers retirement benefits in the form of an annuity or a lump sum payment when they retire, thereby allowing workers to plan for their old age. The Retirement Pension System is the second pillar of old-age income security and is responsible for providing old-age income support for workers together with the national pension scheme, the first pillar, and private pension plans, the third pillar. Introducing a retirement pension plan is not compulsory, but is decided upon under an autonomous agreement between labor and the management.



1-2. Main features of the Retirement Pension System

1-2-1. Types of retirement pension plans

There are three types of retirement pension plans, that is, DB-type(defined benefit) retirement pension, DC-type (defined contribution) retirement pension and IRP (individual retirement pension)³⁾, to allow various choices to be made depending on the characteristics of workplaces and workers. In particular, workplaces with fewer than ten employees are subject to a special IRP plan called 'company-based IRP'⁴⁾, which is basically the same as a DC-type plan except that it is more simple to introduce.

1-2-2. Payment methods: annuity or lump-sum payment

One of the primary features of the Retirement Pension System is that retirement benefits which used to be paid in a lump sum can be drawn in the form of an annuity. This is not to say that workers must receive retirement benefits in the form of an annuity, but that they may receive benefits in a lump sum. However, workers can enjoy greater tax benefits if they transfer their retirement assets to an IRP account after retirement to provide for old age.

1-3. Retirement pension subscriptions in Korea

The retirement pension reserve surpassed 72 trillion KRW in September 2013, eight years after the Retirement Pension System was first introduced. The reserve is expected to reach about 80 trillion KRW by the end of 2013.

3) Defined Benefit (DB): Workers' retirement benefits are pre-defined. Contributions to be paid by employers may change depending on the results of fund management. Defined Contribution (DC): Employers' contributions are pre-defined. Retirement benefits to be received by workers may change depending on the results of fund management. Individual Retirement Pension (IRP): Individual workers may choose the way in which retirement benefits are managed or whether additional contributions are made or not.

4) Under the special IRP, when a workplace with fewer than 10 permanent employees adopts an IRP at the request of employees, it is considered to set up a retirement benefit scheme for the employees, and therefore, the employer is exempted from the obligation to draw up a relevant set of rules and receive the education required for subscribers.

(in 100 million KRW)

	Total	DB-type	DC-type	Special IRP	IRP
Reserve (% of total)	720,284 (100)	506,156 (70.3)	149,601 (20.8)	6,711 (0.9)	57,816 (8.0)

In September 2013, the number of workplaces adopting a retirement pension plan totaled 235,716, representing 14.7% of all workplaces with one or more permanent employees. The proportion of workplaces adopting a DC-type plan was higher than that of those adopting a DB-type plan.

	Total	DB-type	DC-type	DB & DC	Special IRP
No. of workplaces (%)	235,716 (100)	74,543 (31.6)	123,650 (52.5)	5,549 (2.4)	31,974 (13.6)

The number of workers covered by a retirement pension plan totaled 4,635,000, representing 45.6% of all permanent employees. The number of workers covered by a DB-type plan was more than double that of those covered by a DC-type plan.

	Total	DB-type	DC-type	Special IRP
No. of workers (1,000 persons)(%)	4,635 (100)	3,016 (65.1)	1,527 (32.9)	92 (2.0)

2. Welfare systems for workers

2-1. Employee Welfare Fund System

The Employee Welfare Fund System was introduced as a welfare system for workers in 1992 with the aim of boosting workers' desire to work and increasing productivity. It is a gain-sharing system under which labor and management work together to make profits and a portion of such profits is contributed to a fund to finance welfare projects for workers. The system has contributed to the creation of in-company participatory welfare by minimizing the impact of economic fluctuations and thus ensuring the stable implementation of welfare projects. As of December 2012, about 1,368 companies were using this system and the total amount of the funds was approximately 6.8 trillion KRW.



2-2. Employee Stock Ownership Plan

The Employee Stock Ownership Plan (ESOP) allows employees to acquire and hold their companies' shares. The ESOP helps to accumulate employees' wealth, increase corporate productivity and create cooperative labor-management relationships, eventually contributing to both employee welfare and corporate development. Under the ESOP, an employee can acquire his/her company's shares through capital increase without consideration or preferential share allotment. As of August 2013, there were 3,020 associations for ESOP which held shares worth a total of 5.2 trillion KRW (on a purchase price basis).

2-3. Livelihood security loans for workers

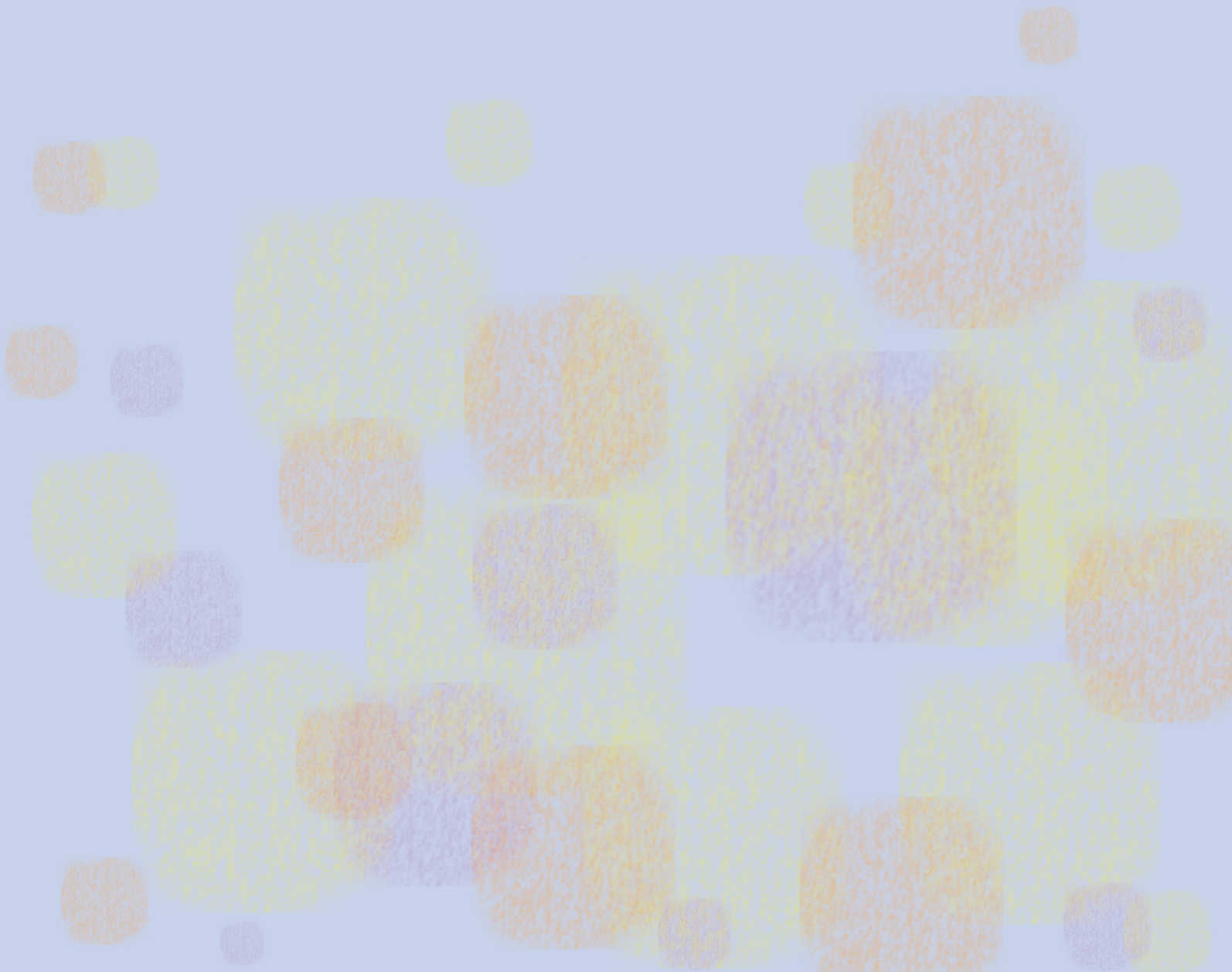
The livelihood security loan program for workers was launched in 1996 to stabilize workers' livelihoods, starting by providing loans for medical expenses. As of the end of August 2013, the program was providing loans for medical expenses, elderly parents' medical care expenses, funeral expenses, wedding expenses, children's school expenses, and living costs during wage cuts or delays. So far 162,120 low-income workers have received a total of 819.4 billion KRW in livelihood loans at a low interest rate and used them to cover their and their dependants' unexpected costs.

2-4. Other support measures

In addition to the aforementioned support programs, the government implements other support measures, such as managing and running rental apartments for workers, organizing culture and art festivals for workers and providing credit guarantees to workers.

Part 4

Creation of Safe and Healthy Workplace



I . Overview

The government found it necessary to choose and focus on accident-prone sectors in order to reduce the industrial accident rate. So The government moved away from providing technical assistance, financial support, education, publicity, etc., in a fragmented and piecemeal way and towards focusing every available resource on target workplaces and intensively controlling occupational accidents from 2009. Furthermore, In an effort to prevent serious accidents, the government established the 'dedicated management system' for workplaces vulnerable to chemical accidents, such as fires, explosions and leaks, and workplaces at high risk for serious accidents in the construction, shipbuilding and steel sectors in 2013.

Every year new chemicals are distributed and used in Korea. There are also many existing chemicals being used without full understanding of their potential hazards and risks. It is therefore necessary to assess the hazards and risks of these chemicals and add them, as appropriate, to the list of substances regulated under the Occupational Safety and Health Act and manage them accordingly. In this regard, the 'chemical hazard and risk assessment system' was established in 2011 and has been operated since then.

On March 2, 2011, the Ministry of Employment and Labor (MOEL) established the 'regulations on chemical hazard and risk assessment, etc.' which stipulate the procedures, methods and details of the assessment. Pursuant to the regulations, a working-level committee on chemical assessment was set up in the Occupational Safety and Health Research Institute of KOSHA and a deliberation committee on chemical assessment was created in MOEL.

Small workplaces are reluctant to conduct health examinations and exclude some workers from health examinations because of the cost burdens caused by such examinations, which has consistently raised the need to improve the reliability of the health examination system. So since April 2009, the Korea Occupational Safety and Health Agency (KOSHA) has received applications for special health examination subsidy from workplaces with fewer than 10 employees(extended to those with

fewer than 20 employees in 2013) and subsidized their costs of special health examination using the industrial accident compensation insurance and prevention fund.

The government introduced a risk assessment system that would allow employers and workers to autonomously identify and address the causes of accidents and occupational diseases in their workplaces. The legal basis for the risk assessment system was laid by the Occupational Safety and Health Act in 2009. From 2010 to 2012, the system was implemented only in designated areas on a pilot basis. In 2012, related infrastructure was expanded with the establishment of the relevant subordinate regulation (i.e. public notice). In 2013, the system went into full operation.

Meanwhile, the government took measures to strengthen accident prevention and control in the construction industry which has a relatively high risk of big accidents, such as falls from elevations, falls from high altitudes and collapses, compared with other industries. Inspections were conducted mainly during the three most vulnerable seasons, namely thawing, rainy and winter seasons, when accidents are feared to happen. Also, in 2013, according to its management measures which are different depending on the scale of construction work, the government encouraged large construction sites to pursue voluntary safety management, such as voluntary safety consulting, contractor-subcontractor cooperation programs and safety and health diagnoses. On the other hand, the government stepped up its guidance and inspection efforts for accident-prone small and medium construction sites engaged in building multiple-household houses, one-room houses or stores.

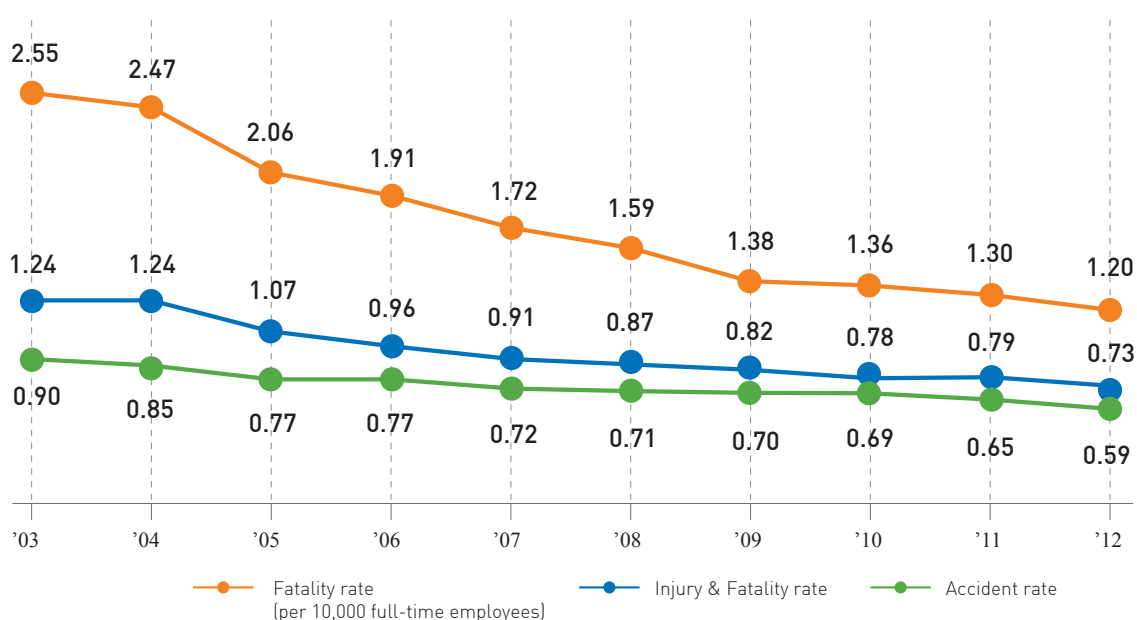
II. Safety Management in Accident-Prone, Vulnerable Sectors

1. Intensive control of occupational accidents

The industrial accident rate stood at 4~5% in the 1960s when industrial accident data began to be collected, but then continued to decline, reaching 4% in the 1970s, 2-3% in the 1980s and around 1% in the early 1990s. The rate went down to 0.99% in 1995, marking the first time it had fallen below 1%. In 2012, it fell further to 0.59%. After hitting 2.55‰ in 2003, the occupational fatality rate (per 10,000 full-time employees) also steadily decreased, reaching 1.20‰ in 2012.

+ Industrial accident trend

Unit: accident rate(%), death rate(‰)



2. Stronger efforts to prevent fatal and big accidents

2-1. Enhancing the accident prevention capability of the construction sector

The construction industry is an outdoor industry involving diverse hazards throughout the construction process. It is heavily affected by seasonal changes and relatively vulnerable to big accidents such as falls from elevations, falls from high altitudes and collapses.

In order to prevent accidents in the construction industry, the government has inspected construction sites with a high risk of big accidents during accident-prone seasons (thawing, rainy and winter seasons) and conducted patrols at small and medium-sized construction sites less capable in safety management.

The government has also intensively managed construction sites at risk for big accidents. In the case of high-risk construction work, such as digging down over 10 meters, building a bridge with a span length of over 50 meters, and building a structure with a height of over 31 meters, the government has received a hazard and risk prevention plan, examined the safety of the relevant construction work before construction begins, and checked the implementation of the plan regularly during construction (2,151 cases examined and 6,836 cases checked by the end of Oct. 2013).

In 2013, according to its management measures which are different depending on the scale of construction work, the government encouraged large construction sites to pursue voluntary safety management, such as voluntary safety consulting, contractor-subcontractor cooperation programs and safety and health diagnoses.

2-2. Strengthening the prevention of serious industrial accidents, such as fires and explosions, in chemical plants

Since the chemical industry involves large production facilities and a large volume of chemicals, an accident in that industry, such as a fire, an explosion and a toxic leak, could have a serious adverse impact on residents and areas in the vicinity as well as on the workplace itself.

In order to strengthen prevention activities and provide specialized technical assistance with regard to chemical accidents, 'serious industrial accident prevention centers' were first set up in four local

areas with a high density of chemical plants in March 2005. Such centers are now operating in five local areas. By October 2013, the government had examined 357 process safety management (PSM) reports, conducted on-site verifications of PSM reports at 558 workplaces under the PSM system and checked the implementation of PSM reports at 604 workplaces subject to the PSM standards.

In December 2013, a 'joint chemical disaster prevention center' which involves six government agencies, including the Ministry of Security and Public Administration, the Ministry of Environment, the Ministry of Employment and Labor, the Ministry of Trade, Industry and Energy and the National Emergency Management Agency, was launched to strengthen government-wide disaster response capabilities and ensure public safety. In January 2014, such centers will be set up additionally in five local areas where chemical plants are concentrated.

2-3. Strengthening fundamental accident prevention in manufacturing industries involving lots of dangerous work

2-3-1. Establishment and order of safety and health improvement plans

In the case of accident-prone workplaces and workplaces with a poor work environment, the Minister of Employment and Labor (heads of local employment and labor offices) may order their employers to establish a safety and health improvement plan and take comprehensive improvement measures to prevent industrial accidents. This system is aimed at protecting workers in such workplaces from hazards.

Target workplaces include workplaces with an industrial accident rate above the average accident rate for workplaces of a similar size in the same industry, workplaces with a remarkably poor work environment, and workplaces where more than two serious accidents have occurred in a year due to the employer's failure to comply with the obligation to take safety and health measures.

2-3-2. Submission of hazard and risk prevention plans

This system was re-introduced in 2009 to prevent industrial accidents in manufacturing industries with a high accident rate. Target industries and equipment are ten manufacturing industries, including manufacture of fabricated metal products (except machinery and furniture) and manufacture of non-metallic mineral products, whose accident rate constantly stays above the average accident rate for the whole manufacturing sector, and five types of equipment used for hazardous and dangerous work

or at hazardous and dangerous places.

If an employer installs or moves a structure, machine, instrument and equipment subject to the submission requirement or alters any major structural part thereof, he/she should submit a hazard and risk prevention plan to, and have it examined and confirmed by, KOSHA.

When the system was resumed in 2009, it was implemented in a scaled-down version. In other words, the number of industries subject to the requirement to submit a hazard and risk prevention plan was reduced to just two compared with ten in 1997 before the requirement was lifted. Thus it was pointed out that the system had limitations in accident prevention. So, the government amended the relevant legislation, taking into comprehensive account the accident rate, the occupational death rate, etc. As a result, the scope of industries subject to the submission requirement was expanded to include dangerous industries, such as automobile manufacturing and machinery and equipment manufacturing (Jul. 1, 2012), and even newly established workplaces with fewer than five employees, which had been exempt from submitting a hazard and risk prevention plan, were required to submit such a plan (Jan. 26, 2012). By October 2013, a total of 1,298 hazard and risk prevention plans had been submitted and examined and 1,405 plans confirmed.

2-4. Strengthening safety and health management in the shipbuilding sector

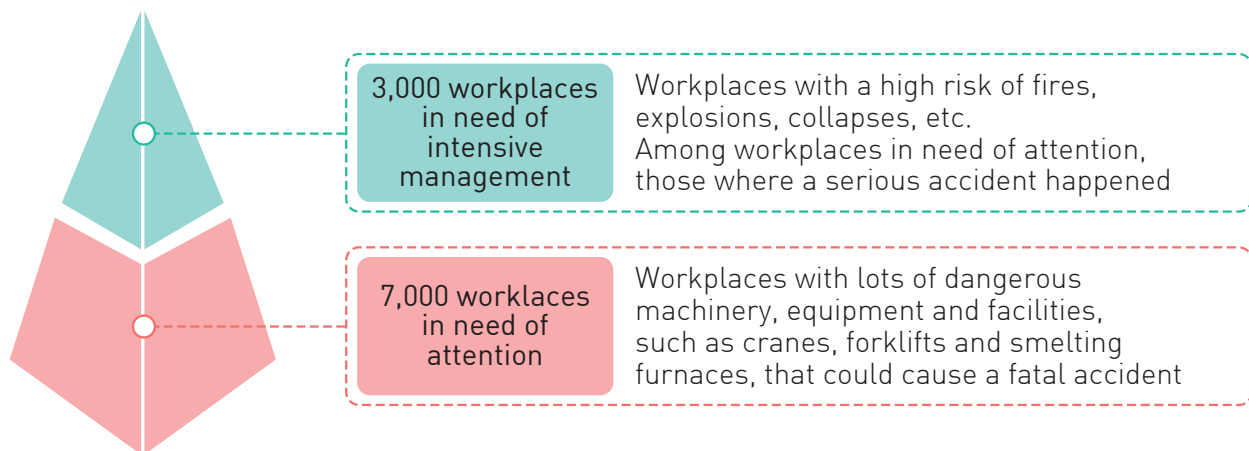
One characteristic of the shipbuilding industry is that work processes in various fields, such as mechanical engineering, chemical engineering and construction, proceed simultaneously. The government is operating the 'OSH implementation evaluation system for the shipbuilding industry' as an industrial accident prevention policy taking account of this characteristic. Under the system, an employer is required to establish a safety and health implementation plan considering the circumstances of his/her workplace and implement it. After evaluating the degree of implementation, the government manages workplaces differently according to the results.

In addition, in order to fundamentally prevent falls from elevations, the government intensified its crackdown on defective equipment and materials temporarily installed in construction sites, and improved the relevant installation criteria. Meanwhile, small and medium shipbuilders were given technical assistance, such as education and materials on accident prevention techniques, so that they could upgrade their levels of safety and health management.

2-5. Operating the dedicated management system to prevent serious accidents

In an effort to prevent serious accidents, the government established the 'dedicated management system' for workplaces vulnerable to chemical accidents, such as fires, explosions and leaks, and workplaces at high risk for serious accidents in the construction, shipbuilding and steel sectors in 2013. Under the system, labor inspectors intensively manage and inspect target workplaces in a preemptive and preventive manner.

In late March when the project began, about 1,200 workplaces vulnerable to chemical accidents were selected and managed. Then in August, workplaces in the construction, shipbuilding and steel industries were added, increasing the total number of target workplaces to 2,400. Having found that such preemptive accident prevention activities greatly contributed to accident prevention, the government further expanded the project, and has since closely managed 3,000 workplaces in need of intensive management and 7,000 workplaces in need of attention.



3. Protection of workers vulnerable to industrial accidents

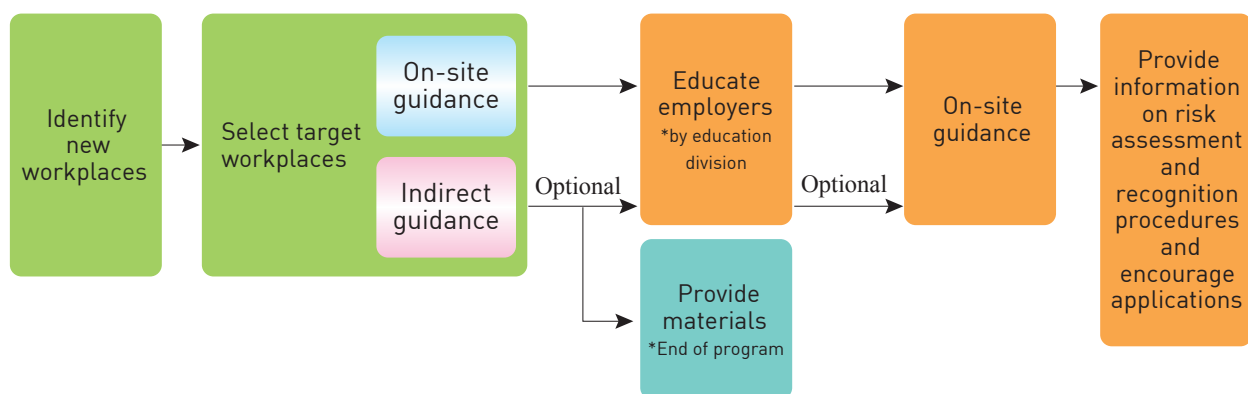
3-1. Support for new workplaces

Given that new small and medium workplaces are prone to industrial accidents, the government provided safety and health support packages tailored to the circumstances of individual workplaces to workplaces (excluding those in the construction industry) newly joining the industrial accident compensation insurance system in 2013. This program has been implemented since 2012.

Under the program, a workplace's status of safety and health management is diagnosed to identify potential problems. And based on the results, the workplace is offered a package of safety and health management support, including assistance in drawing up safety management regulations or safety and health rules, consulting on risk assessment and safety and health education. If necessary, a subsidy may be provided from the occupational accident prevention fund to cover the cost of improving occupational safety and health facilities.

- ※ Safety and health support package: a safety and health manual for newly established workplaces (common support) + on-site safety and health education + a report on the outcomes of technical support + customized technical materials (industry- and equipment-specific technical materials, work safety rules and accident casebook) + CLEAN support if necessary

+ Program procedure



3-2. Intensive management of micro and small workplaces

The government has selected a target group of high-risk accident-prone workplaces in each industry and provided one-stop accident prevention consulting services to such workplaces. Program targets and methods were diversified considering the characteristics of each industry. In 2013, the government also provided accident prevention guidance to chemicals-handling workplaces to actively respond to chemical accidents.

* One-stop services combine together technical assistance (risk assessment), educational assistance and financial assistance (CLEAN and loans).

	Support target and method	Goal
Safety (including dangerous machinery)	Intensively managing high-risk workplaces with fewer than 50 employees to prevent occupational accidents	46,000 workplaces per year
Health	Providing technical assistance to workplaces with fewer than 50 employees which are less capable in health management	25,000 workplaces per year
Construction	Providing technical assistance to small construction sites engaged in a construction project worth less than 300 million KRW, which make up a large share of total accidents and are prone to simple, repetitive accidents (support for improving facilities and support for raising safety awareness)	150,000 workplaces per year
Chemical accidents	Intensively managing chemical-handling workplaces with fewer than 50 employees to prevent chemical accidents	20,000 workplaces per year

+ Support for creation of CLEAN workplace

Since October 2001, the government has implemented the "CLEAN Program" which provides financial and technical support to workplaces with a relatively poor working environment so that they can improve their safety and health facilities and thus create a safe and pleasant workplace.

Under this program, an official from the Korea Occupational Safety and Health Agency (KOSHA) visits a workplace which has applied for risk assessment, conducts a risk assessment, and identifies dangerous elements (Danger), dirty environments (Dirtiness) and difficult work (Difficulty) in the workplace. The government subsidizes 50% of the cost of improving facilities and equipment, within the limit of 20 million KRW.

As of October 2013, the government had provided facility improvement subsidies to 4,793 workplaces, bringing the total number of workplaces subsidized since October 2001 to 83,665. Among them, 83,617 workplaces that had successfully removed hazards were recognized as CLEAN workplaces and awarded certificates.

CLEAN Workplace, before vs. after



3-3. Stronger protection of foreign workers, etc., vulnerable to industrial accidents

In an effort to support the occupational safety and health of foreign workers, the government installed a three-way interpretation system in five Foreign Worker Support Centers, supplied health examination lists for foreign workers in ten foreign languages, and provided interpretation services during health examinations. The government also provided industry safety health education to 92,515 foreign workers upon their arrival in Korea in cooperation with vocational training institutions. So far

the government has developed and distributed 51 types (220,000 copies) of education materials for foreign workers in 13 foreign languages.

In order to prevent cerebrovascular and cardiovascular diseases caused by the aging of the working population, heavy workloads and growing job stress, the government helped 11,280 workplaces employing a large number of aged workers to take care of their workers' health through specialized occupational health agencies in 2012. Moreover, the government provided industry safety health education to 275,977 workers aged 50 or older, and developed and distributed 24 types (10,000 copies) of education materials, including teaching plans, for aged and female workers.

+ Measures to strengthen safety and health protection for vulnerable groups

Group	Main contents
Foreigners, the aged and women	<p>The government identified occupations and work prone to occupational accidents, produced and distributed OSH materials relating to those occupations and work, and provided intensive OSH education to the workers concerned.</p> <ul style="list-style-type: none"> * Foreigners: welding, drilling, working on a ladder, work involving electricity and electric power tools, etc. * Aged people: car assembly and maintenance, plant cutting, architecture carpentering, etc. * Women: care-givers, cooks, cleaning persons, etc.
Asbestos-handling workers	<p>Workers exposed to asbestos, who have a certain symptom (detected in a chest radiograph), became eligible to receive a health examination for job leavers even without proof of their work experience.</p>
Nighttime workers	<p>The government introduced a special health examination system for nighttime workers;</p> <ul style="list-style-type: none"> * determined specific test items and established criteria for selection of those subject to the 2nd health examination and criteria for selection of those subject to follow-up management; <ul style="list-style-type: none"> - partially amended the criteria for providing health examinations for workers; * came up with measures to strengthen the follow-up management of people working long hours, such as those engaged in night work, after health examination; <ul style="list-style-type: none"> - came up with a list of jobs for which overtime work is restricted and measures to protect the health of workers engaged in hazardous or dangerous work (conducted research and mapped out measures in 2012, and amended the relevant legislation in 2013); and - revised the guidelines on health examinations for workers.

III. Enhanced Prevention of Occupational Diseases

1. Chemicals control

1-1. Hazard and risk assessment and classification of chemicals

Every year new chemicals are distributed and used in Korea. There are also many existing chemicals being used without full understanding of their potential hazards and risks. It is therefore necessary to assess the hazards and risks of these chemicals and add them, as appropriate, to the list of substances regulated under the Occupational Safety and Health Act and manage them accordingly. In this regard, the 'chemical hazard and risk assessment system' was established in 2011 and has been operated since then.

On March 2, 2011, the Ministry of Employment and Labor (MOEL) established the 'regulations on chemical hazard and risk assessment, etc.' which stipulate the procedures, methods and details of the assessment. Pursuant to the regulations, a working-level committee on chemical assessment was set up in the Occupational Safety and Health Research Institute of KOSHA and a deliberation committee on chemical assessment was created in MOEL.

1-2. Establishment of chemical exposure limits

In a bid to strengthen employers' and workers' right to know, the government revised the information on carcinogens contained in the list of hazardous chemical exposure limits according to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) in 2011 (MOEL announcement no. 2011-13); added information on germ cell mutagenicity and reproductive toxicity to the list in 2012 (MOEL notice no. 2012-31); and revised the list to reflect changes in chemical exposure limits and hazard information in 2013 (MOEL announcement no. 2013-38).

1-3. Enhanced workability of the Material Safety Data Sheet (MSDS) and warning labeling systems

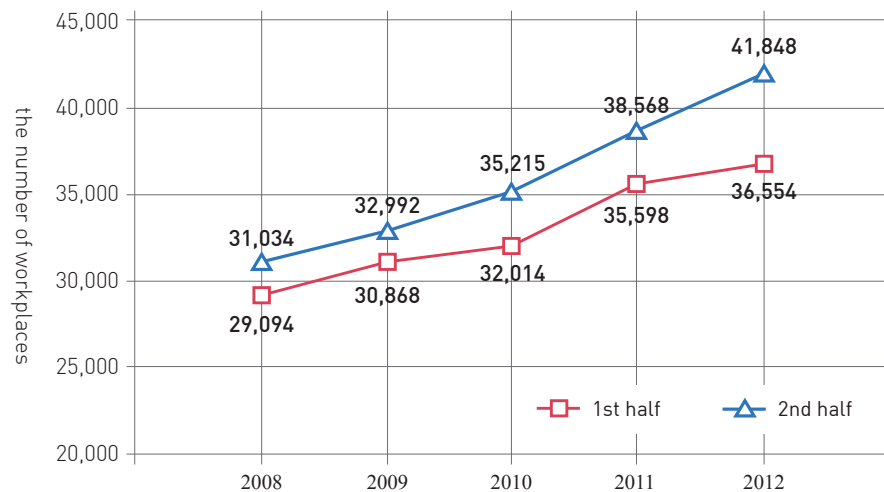
Institutional improvements were made to enhance the reliability of MSDS and warning labels (Occupational Safety and Health Act amended and enforced since Jan. 26, 2012). In order to implement and entrench the institutional changes across workplaces, since 2012, the government has conducted inspections in relation to the entire range of MSDS and warning label obligations that must be fulfilled by people who transfer and supply chemicals (including manufacturers, importers and distributors) and employers who use chemicals.

2. Work environment management

2-1. Guidance to ensure compliance and improve work environments after work environment monitoring

The purpose of work environment monitoring is to regularly monitor and assess work environments and address problems found as a result with a view to protecting workers' health. Basically, such monitoring is conducted more than once every six months for workplaces where workers are exposed to any of the 190 chemical and other harmful agents. However, in the case of workplaces which have recorded an exposure level below the prescribed limits twice in a row, monitoring may be conducted more than once every year. Workplaces found to exceed the exposure limits as a result of monitoring are asked to improve work environments related to the processes concerned.

+ Number of workplaces receiving work environment monitoring by year (half-yearly)



2-2. Evaluation of work environment monitoring and analysis ability

Only institutions that have obtained approval from MOEL after having the manpower, facilities and equipment needed for monitoring and analysis are allowed to conduct work environment monitoring. They are also required to verify the accuracy and precision of their work environment monitoring and analysis through regular evaluations of their monitoring and analysis ability.

The results of an evaluation of their monitoring and analysis ability are combined with the results of the previous evaluation to make a comprehensive judgment each time. Institutions which have failed such an evaluation are subject to strict control, such as suspension of operations, until they pass the next evaluation.

2-3. Support for work environment monitoring in small workplaces

Small workplaces tend to avoid or neglect work environment monitoring because of cost burdens and a possible gap in business operations resulting from such monitoring. So the government has subsidized the monitoring costs of small workplaces with fewer than 10 employees using the 'industrial accident compensation insurance and prevention fund' to remove hazards from their work environments in a timely manner. In 2013, the scope of workplaces eligible for such subsidy was expanded to cover workplaces with fewer than 20 employees, and the monitoring costs of about 16,000 workplaces were subsidized.

IV. Active Health Promotion for Workers

1. Enhanced prevention of work-related diseases

1-1. Support for voluntary health promotion activities

For workplaces (business associations) which intend to conduct health promotion activities for workers as part of their efforts to prevent work-related diseases, the government has subsidized the costs of carrying out such activities to boost voluntary health promotion activities.

In 2013, a total of 750 million KRW was paid in such subsidies. MDS prevention activities accounted for the largest share of all activities, which was followed by the activities of improving daily habits at the organizational level, preventing cerebrovascular diseases and managing job stress.

1-2. Support for the spread of health promotion activities

In 2013, a total of 8,202 workplaces participated in the project to spread health promotion activities for workers with the aim of efficiently preventing work-related diseases, including cerebrovascular diseases and musculoskeletal disorders.

The participating workplaces raised their levels of health promotion by reducing smoking, creating a healthy drinking culture, promoting regular exercise, and improving nutrition and stress management.

Moreover, the government held a best practice contest on occupational health activities (Jul. 3, 2013, 7 workplaces), compiled selected best practices into a casebook, and distributed its copies to other workplaces.

2. Support for health management in small workplaces

2-1. Establishment and operation of Workers Health Centers

Workers in workplaces with fewer than 50 employees are more often diagnosed with an occupational disease as a result of health examination and are exposed to more hazards while at work than those in medium and large companies. However, such small workplaces are not obligated to appoint a safety manager, and thus have difficulties in occupational health management (work environment management, work management and health management). To address this problem, the government has operated Workers Health Centers in major industrial zones.

Workers Health Centers are located in areas easily accessible to workers and provide worker-oriented collective occupational health management services, thereby increasing the accessibility to occupational health services for workers in workplaces with fewer than 50 employees. In 2013, five new Centers (Seoul, eastern Gyeonggi, Ulsan, Bucheon and Chungnam) were set up in areas (industrial complexes) with a high concentration of small enterprises.

2-2. State-financed support for health management in small workplaces

Technical assistance with health management has been provided to workplaces with fewer than 50 employees, which have a poor work environment and weak financial conditions, through private specialized occupational health institutions.

In 2013, the government selected 25,000 workplaces less capable of managing work environments and health. Occupational hygiene management engineers and occupational health nurses from 54 private occupational health institutions visited those workplaces to provide basic occupational health services, such as health guidance, simple testing, health counseling and work environment management (3~5 visits per workplace, 75,000 occasions in total).

V. Promotion of Voluntary Industrial Accident Prevention

1. Promotion of safety and health management in workplaces

With a view to helping workplaces firmly establish their OSH management system, the Occupational Safety and Health Act was amended to clearly stipulate the duties of a safety and health manager and employers' obligation to oversee the performance of their safety and health managers' duties, thereby putting safety and health managers in overall charge of safety and health management in their workplaces. It was also made possible for workplaces to receive help from outside experts or institutions with the aspects of safety and health management in which they are less capable.

Moreover, to make it easy for workers to see the main points of OSH laws and regulations, the government is pursuing a measure that would require such points to be posted or displayed in easy-to-see places within the workplace (The current law says just 'workplace').

2. Creation of advanced industry safety health culture

This raises the need to stage a nationwide safety culture campaign. So the government has designated the first week of July as 'OSH Week' and organized various PR campaigns and events to prevent industrial accidents.

The government has conducted timely and intensive publicity activities through broadcasting media, such as TV and radio, the press, Facebook and other social networking sites, and 40 OSH electronic billboards around the country to respond actively to big accidents, such as chemical accidents, suffocation and collapses, which frequently occur, and OSH-related social issues, such as emotional labor.

+ KBS-2TV Escape Crisis No. 1



In particular, the government has been involved in broadcasting occupational safety news and producing the 'occupational safety section' of 'Escape Crisis Number One', a KBS-2TV program, which deals with the causes of industrial accident-related social issues and response measures, since 2006.

VI. Improved Infrastructure for Industrial Accident Prevention

1. Establishment of risk assessment system

In order to properly manage more diversified and complicated hazards in workplaces and secure workers' safety and health, it is necessary to identify, assess, reduce and control hazards. The 'risk assessment system' is the starting point for systematic and effective hazard control.

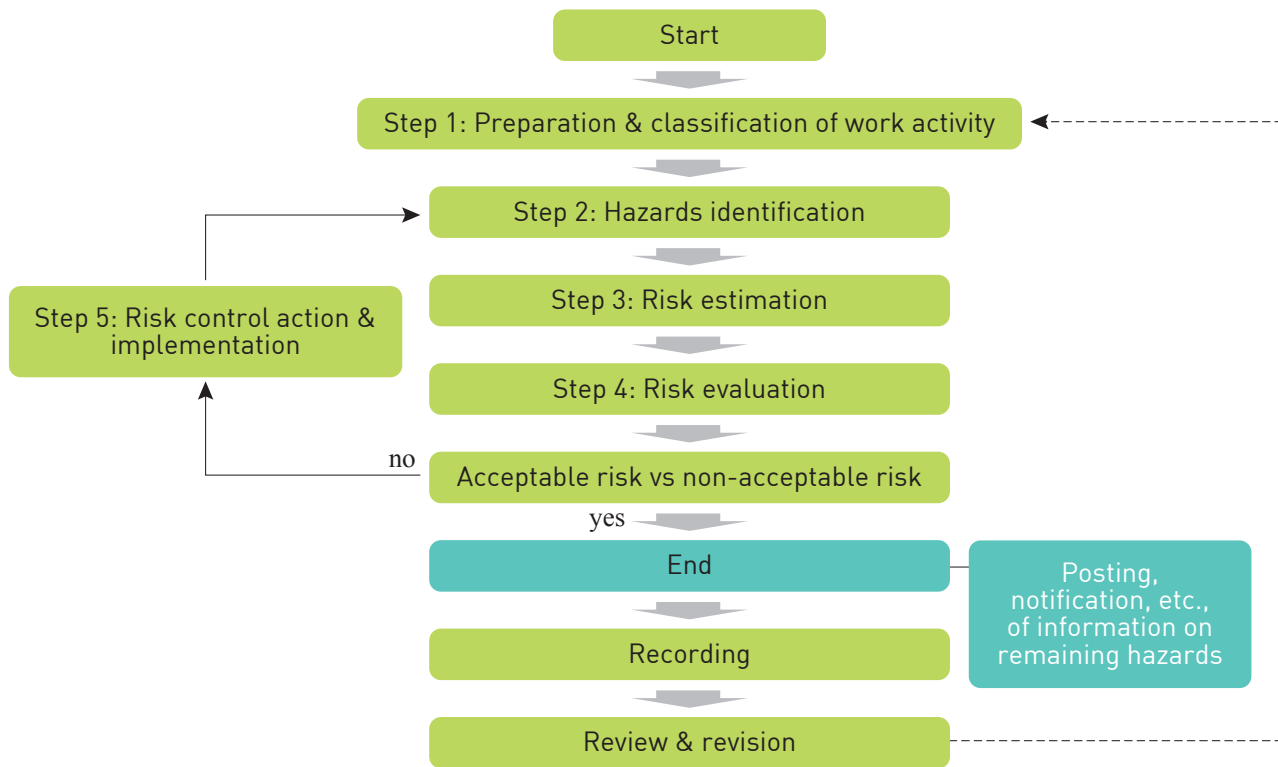
The legal basis for the risk assessment system was laid by the Occupational Safety and Health Act in 2009. From 2010 to 2012, the system was implemented only in designated areas on a pilot basis. In 2012, related infrastructure was expanded with the establishment of the relevant subordinate regulation (i.e. public notice). In 2013, the system went into full operation.

2009	2010	2011	2012	2013
Legal basis laid (article 5 of Occupational Safety and Health Act)	Pilot program in five industrial zones	Pilot program in areas under the jurisdiction of 5 local offices	Pilot program in areas under the jurisdiction of 22 local offices; relevant subordinate regulation (public notice) established; and 'workplace self-assessment support system' set up	In full operation Legal framework completed with the introduction of a new provision (Article 41-2 of Occupational Safety and Health Act)

Workplaces are recommended to follow five steps to conduct a risk assessment. To give workplaces easy access to this five-step risk assessment procedure, the government developed and provided

industry- and occupation-specific standard models and an electronic system (KRAS, <http://kras.kosha.or.kr>) for workplace risk assessment.

+ Risk Assessment Procedure



As for risk assessment infrastructure, the government has provided various materials needed for risk assessment. It developed workplace manuals (explanatory guidebooks), sector-specific assessment models (284 kinds), casebooks (71 kinds), virtual experience programs (10 kinds), etc., and established the risk assessment support system (on-line) to allow workplaces to conduct a self risk assessment according to their level. In particular, a separate risk assessment system was developed for workplaces using chemicals.

In addition, consulting is offered to workplaces upon request (trial assessment for some dangerous work processes) and education is provided to employers and personnel in charge of risk assessment to enhance their risk assessment capabilities.

2. Promotion of win-win cooperation on occupational safety and health(OSH)

2-1. Win-win OSH cooperation program

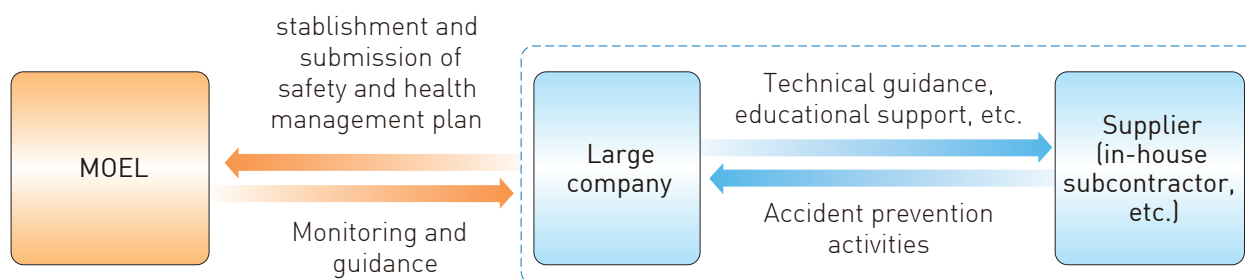
As the number of subcontracting cases is growing across all industries, safety and health management for subcontractors is becoming increasingly important.

In particular, in-house suppliers (in-house subcontractors) often carry out highly hazardous work on behalf of their client firms (principal contractors) in the premise of the client firms, so it is difficult for such suppliers to effectively prevent industrial accidents through their own efforts alone. Given this, client firms' cooperation and support are needed to ensure occupational safety and health in their suppliers' workplaces as well as theirs.

So in 2012, the Ministry of Employment and Labor launched the 'win-win OSH cooperation program' involving both large companies (client firms) and their suppliers. Under this program, a client firm is required to evaluate the occupational safety and health conditions of its suppliers and establish and implement a 'safety and health management plan (program)'.

In 2013, the scope of industries required to participate in the program was expanded to include the electricity and telecommunications and other manufacturing (food, textiles, etc.) industries. As a result, 801 workplaces of large companies (8,437 suppliers, 279,867 workers) participated in the program, and strengthened their responsibility for safety and health management in their suppliers.

In 2014, KOSHA will be put in charge of running the program to further promote the program and strengthen support for participating workplaces.



+ What is win-win OSH cooperation program?

The win-win OSH cooperation program is a program under which a large company (principal contractor) establishes and implements a win-win OSH cooperation program (plan) together with its supplier (subcontractor) and then conducts a risk assessment for, and provides technical assistance to, the supplier to improve occupational safety and health and prevent occupational accidents at the latter's workplace.

* This program aims to achieve mutual OSH development between large companies and SMEs by enhancing large companies' compliance with their obligation to suppliers under the IACI Act (Article 29) and strengthening their social responsibility for occupational safety and health.

2-2. Enhancement of companies' safety and health responsibility to their suppliers

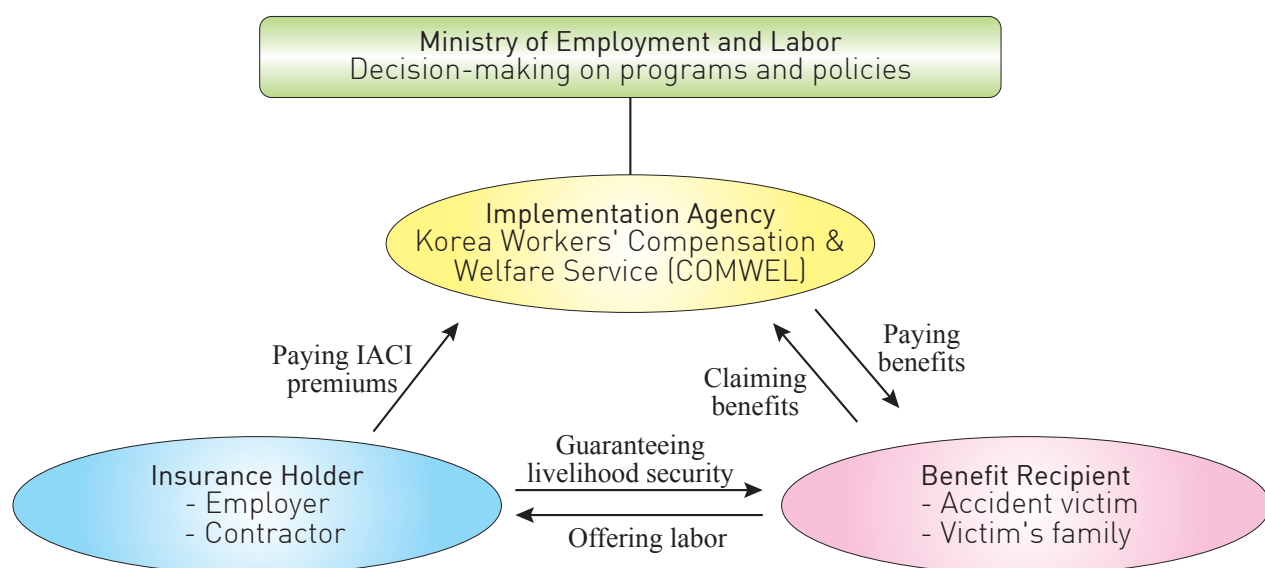
The government strengthened companies' responsibility by requiring them to provide information* on hazards and dangers associated with facilities, etc., to their suppliers, and to check if their suppliers comply with the relevant laws and regulations, when contracting out the work of maintaining, repairing or cleaning hazardous or dangerous facilities, equipment, etc. And the scope of industries where a company is obligated to take accident prevention measures for its subcontractor was extended from construction and manufacturing to all industries.

* Chemical hazards and risks, necessary precautions, etc.

VII. Industrial Accident Compensation Insurance (IACI)

1. Overview

The Industrial Accident Compensation Insurance Act (IACI Act) was enacted on November 5, 1963 and entered into force on July 1, 1964 to protect workers from industrial accidents and work-related diseases. Under the IACI, employers who have taken out insurance are exempt from liability for compensation by paying insurance premiums, and victims of industrial accidents are compensated directly by the government.



2. Main features

2-1. Coverage

Since its introduction in 1964, the IACI's coverage has been steadily expanded. The IACI has been applied to workplaces with at least one employee since July 1, 2000, meaning that nearly all workplaces are covered.

On July 1, 2008, people in special types of employment (insurance agents, learning-aid tutors, ready-mixed concrete truck drivers and golf caddies) were included in the scope of those entitled to be covered by the IACI (They may opt out if they do not want to be covered.). And since May 1, 2012, delivery men and quick-service drivers have been allowed to join the IACI. The IACI Act applies to all workers, including foreign workers, regardless of their type of employment. An employer may take out an IACI policy for his/her employees sent abroad after obtaining permission from COMWEL.

However, certain businesses are excluded from the IACI. Among them are unincorporated businesses with less than five employees in the agriculture, forestry, fishing and hunting sectors; individuals engaged in small-scale construction work (total construction cost of 20 million KRW or less or total floor area of 100m² or less); and household businesses. But even the businesses mentioned above may take out an IACI policy after obtaining permission from COMWEL.

2-2. Types of insurance benefits

Medical care benefits	Medical care benefits are paid to IACI-related medical institutions or workers to cover the costs of all medical treatments, including examination, medical treatment, surgery, other treatments and nursing.
Temporary business shutdown benefits	While an insured worker is unable to work due to medical care, 70% of his/her average wage is paid in compensation for the wage loss.
Disability benefits	Workers left with permanent disabilities after treatment are paid compensation in the form of an annuity or a lump-sum payment according to the degree of disability. <ul style="list-style-type: none"> - Disability grades 1~3 : annuity - Disability grades 4~7 : annuity or lump-sum payment (optional) - Disability grades 8~14 : lump-sum payment <p>※ Benefits are paid in a lump-sum in the case where the non-Korean eligible recipient lives abroad or moves abroad before being fully recovered.</p>
Survivors' benefits	In the event of a worker's death, his/her surviving family members (spouse, child, etc.) are paid survivors' benefits. In principle, the payment (52-67% of average monthly wage) should be made in the form of an annuity. However, at the request of the recipient, 50% may be paid in a lump sum and the remaining 50% in the form of an annuity.
Nursing benefits	Nursing benefits are paid when a worker needs to receive nursing care even after medical care ends because he/she cannot independently carry out everyday activities.
Vocational rehabilitation benefits	If an industrial accident victim with disability Grade 1-12 fails to return to work after medical care ends, he/she is required to complete vocational training at a private training institution, etc., and his/her training costs and allowances are paid. An employer who retains such a worker is paid a return-to-work subsidy.
Injury-disease compensation benefits	If an injury or a disease is not cured completely after two years of medical treatment, an annuity whose amount ranges between invalidity grade 1 and 3 depending on the severity of the injury or disease is paid to replace temporary business shutdown benefits.
Funeral expenses	If a worker dies for a work-related reason, his/her surviving family is paid 120 days of his/her average wage.

2-3. Insurance premiums

As the disparate premium collection systems of the four social insurance schemes were unified, the previous yearly self-report and payment method was changed into a monthly imposition and notification method. However, exception is allowed for sectors, such as construction and logging, in which the new monthly imposition and notification method is difficult to apply.

Monthly insurance premiums (average monthly remuneration x insurance premium rate) are calculated by COMWEL and notified and collected by the National Health Insurance Corporation (NHIC). Notification should be given at least ten days before the payment deadline, i.e. the last day of each month, and payment should be made by the 10th day of the following month.

2-3-1. Insurance premium rates

Insurance premium rates are officially announced by the Minister of Employment and Labor every year. The insurance premium rate for each business category is determined based on the ratio of total remuneration over the past three years to total insurance benefits paid and in consideration of related administrative costs. In 2013, there were 58 business categories and the average premium rate was 17/1,000. The lowest rate was 6/1,000 for the professional and technical service industry while the highest rate was 340/1,000 for the coal mining industry.

With a view to strengthening accident prevention activities undertaken by employers and applying premium rates in a fairer manner in the case of failure to carry out such activities, if the total amount of benefits paid over the past three years (average rate) is higher than 85/100 or 75/100 or less of the total premiums contributed over the same period, a new premium rate obtained by raising or lowering the existing premium rate by up to 50/100 is applied for the following insurance year.

2-3-2. Calculation of insurance premiums

The total monthly premium is calculated by multiplying the estimated total monthly remuneration to be paid by the employer to all employees by the insurance premium rate applicable to the relevant business category, and is paid wholly by the employer.

Monthly premium = sum of each employee's average monthly remuneration × premium rate

3. Rehabilitation and welfare programs for accident victims

3-1. Rehabilitation programs

The government is providing various rehabilitation programs. For example, in order to support accident victims' early return to society, the government offers psychological counseling and establishes a rehabilitation plan that suits the characteristics of each victim, during medical care, and provides vocational training, job information and job placement services after the completion of medical care. Accident victims who participate in training by private training institutions are provided with financial support, such as up to 6 million KRW in training expenses and training allowances equivalent to the minimum wage. In addition, to promote the return to work of workers disabled by industrial accidents, employers who retain such workers are paid a return-to-work subsidy of up to 7.2 million KRW. The government also provides up to 100 million KRW towards the costs of renting shop space and offers free business consulting services.

3-2. Welfare programs

The government runs a scholarship program for injured workers and their children and provides loans for their college education. There are also welfare programs, such as 'Youth Camp', for high school students from vulnerable families, such as families of deceased workers, disabled workers (Grades 1-7) and injury-disease compensation benefit recipients, to help them improve their performance in school and grow into sound adults.

4. Rational improvement of the IACI System

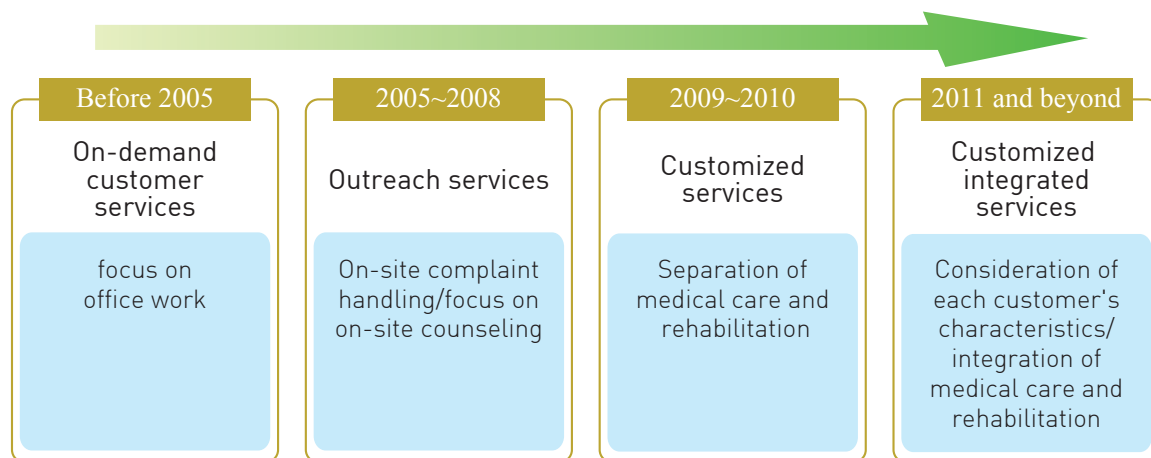
4-1. Improvement of medical care and compensation services under IACI

The Industrial Accident Compensation Insurance, Korea's first social insurance introduced in 1964, has played the role of a social safety net by providing medical care benefits, temporary business shutdown benefits, disability benefits, nursing benefits, etc., to workers suffering from industrial

accidents, and survivors' benefits and funeral expenses to their family members in the case of death. However, medical care and compensation services provided under the IACI had focused on processing documents, which raised the need to provide necessary medical care services to industrial accident patients and activate rehabilitation services to help them return to society.

So the government introduced 'outreach services' as a part of the IACI in 2005. And, in order to overcome the IACI's existing limitations and problems, such as supplier-oriented services, scattered customer contact points and people's negative perception of the IACI as a means of ending treatment, the government enhanced the accessibility of the IACI and transformed its services into 'customized services' using a choose and focus strategy. Such customized services were provided on a pilot basis from April 2009, and expanded fully since 2010.

+ Evolution of medical care, compensation and rehabilitation services



4-2. Reinforcement of rehabilitation services under IACI

The aim of the IACI is to provide prompt and fair compensation to workers suffering from occupational accidents and to promote their return to society through rehabilitation.

According to the 3rd mid-term rehabilitation service development plan (2012~2014), overall IACI services are reconfigured to focus on rehabilitation so that victims of industrial accidents can receive proper medical treatment and return to work and society. Under this plan, the government is pursuing 4 strategies and 12 tasks.

+ Third mid-term IACI rehabilitation service development plan

<p>1. Connecting accident victims to rehabilitation services from the beginning of medical care</p>	<p>1-1. Providing services according to customized rehabilitation plans 1-2. Creating the practice of providing medical treatment that takes account of rehabilitation 1-3. Expanding the psychological rehabilitation program for patients receiving medical care</p>
<p>2. Promoting professional rehabilitation treatment provided by medical institutions</p>	<p>2-1. Strengthening affiliated hospitals' specialty in rehabilitation treatment 2-2. Promoting rehabilitation treatment by designated medical institutions 2-3. Expanding support for the costs of rehabilitation treatment</p>
<p>3. Increasing the effectiveness of the return-to-work support system</p>	<p>3-1. Strengthening support for accident victims' return to work 3-2. Expanding support for vocational training during medical care 3-3. Reinforcing training and employment services 3-4. Actively developing jobs for accident victims</p>
<p>4. Strengthening follow-up support after the end of medical care</p>	<p>4-1. Expanding support for health management after medical care 4-2. Expanding social rehabilitation services for accident victims</p>

In 2012, the first year of the 3rd mid-term rehabilitation service development plan, from among 18,306 people eligible for preferential counseling, including patients with a cerebrovascular disease, spinal disease, etc., who had little chance of returning to work and faced a serious loss of work, 3,687 were selected as 'find-my-work service' recipients and offered rehabilitation services by job coordinators. In the case of those who were not selected, their demand for rehabilitation services was figured out soon through counseling, and general services were provided to them accordingly. As a result, the proportion of accident victims returning to work after receiving rehabilitation services rose to 52.6%, a increase of 5%p from 47.6% a year ago.

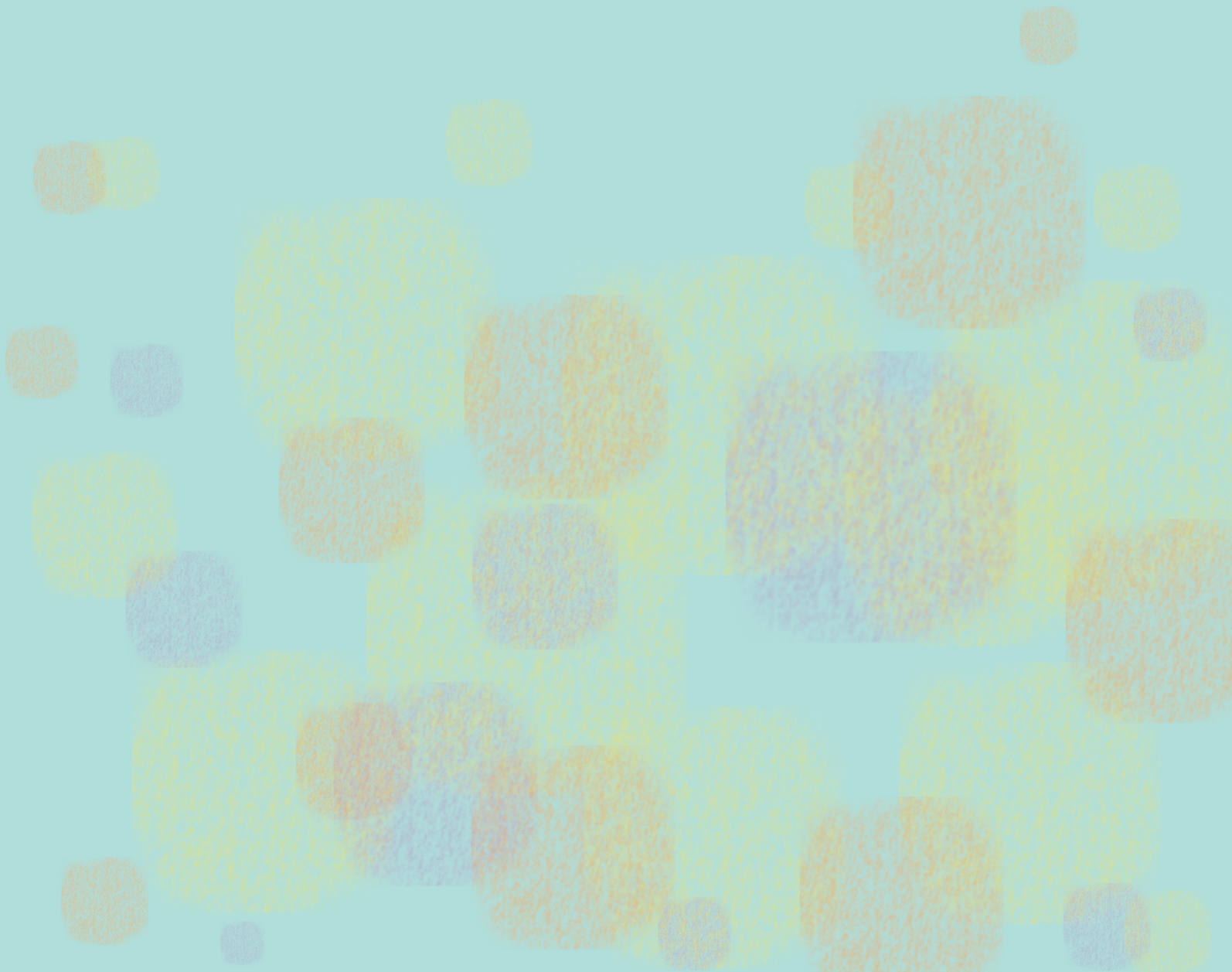
+ Industrial Accident Compensation Insurance in Korea

(As of Nov. 2013)

	Industrial Accident Compensation Insuranc
Purpose	To compensate workers for their occupational accidents
Year of introduction	1964
Organization in charge	Ministry of Employment and Labor (COMWEL in charge of applying the system and NHIC in charge of collecting insurance premiums)
Coverage	All workplaces
Basis for calculation of insurance premiums	Total payroll
Premium payment method	Monthly imposition and notification (Self-report and payment method for construction and logging industries)
Types of benefits	<ul style="list-style-type: none"> - Medical care benefit - Temporary business shutdown benefit - Disability benefit - Survivors' benefit, etc.
Workplaces and workers excluded from coverage	<ul style="list-style-type: none"> - Persons for whom accident compensation shall be made pursuant to the Public Officials' Pension Act or the Veterans' Pension Act - Businesses for which accident compensation shall be made pursuant to the Seaman Act, the Act on Accident Compensation Insurance for Fishermen and Fishing Boats or the Private School Teachers Pension Act - Construction work carried out by those other than housing constructors, whose total cost is less than 20 million KRW or which involves the construction of a building with a total floor area of 100m² or less or renovation of a building with a total floor area of 200m² or less - Workers employed in households - Businesses with fewer than one ordinarily-employed worker - Businesses, other than incorporations, in the agriculture, forestry, fishing and hunting industries, which have fewer than five ordinarily-employed workers

2013 Employment and Labor Policy in Korea

Part 5
**Advancement of
Industrial Relations**



I . Overview of Industrial Relations in Korea

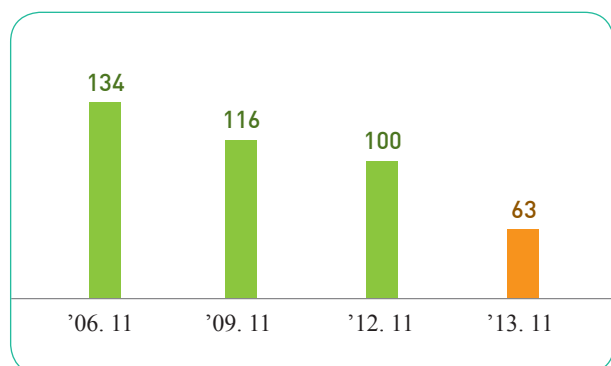
Korea has made consistent progress towards cooperative industrial relations based on dialogue and compromise, moving away from its old confrontational ones. Its efforts to make a shift away from confrontational industrial relations characterized by distrust and conflict towards cooperative ones based on trust and harmony resulted in the "social agreement to overcome the economic crisis" in 1998, the "social pact for job creation" in February 2004 and the "jobs pact to achieve a 70% employment rate" in May 2013. These agreements have contributed considerably to Korea's social and economic development, such as the development of tripartite partnerships, economic recovery, job creation and social integration.

Above all, in 2013, Korea consolidated the framework for enabling labor and management to discuss major social issues and find and implement solutions together instead of pursuing their own interests. Much effort was made to ensure that the Economic and Social Development Commission (ESDC), local four-party consultative councils consisting of local tripartite partners and civic groups and labor-management councils could actively operate at the central, local and workplace levels, respectively and link up with each other to create a multilateral dialogue system. This effort brought some positive outcomes, such as the spread of ESDC's jobs pact by the local quadripartite consultative councils.

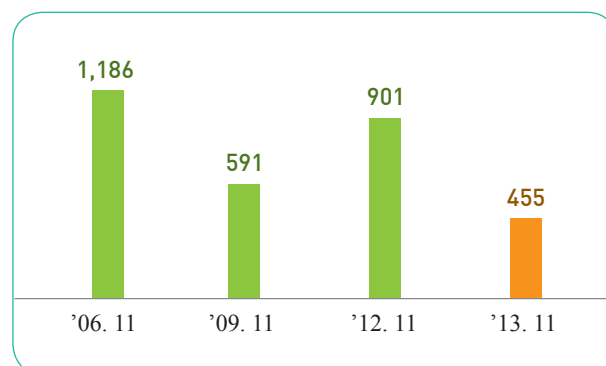
Moreover, "policies to build a culture of dialogue and win-win relationship between labor and management" on the basis of trust and cooperation helped to stabilize industrial relations by, for example, reducing labor disputes and the number of work days lost, and thus to create a culture in which workers' rights and interests are protected, and labor and management fulfill their social responsibilities. The government also continued with its measures to actively manage labor-management conflicts and reform illegal or irrational practices that might cause conflict and confrontation between labor and management.

As a result, despite the fact that the new administration is still in its initial period, there were 63 labor disputes and 455,000 work days lost to disputes as of November 2013. This is a sharp fall compared with 100 labor disputes and 901,000 work days lost in the same period a year ago. So it can be said that overall industrial relations remained stable in 2013.

+ No. of labor disputes (case)




+ No. of work days lost (1,000 days)



Meanwhile, the system requiring multiple unions to establish a single bargaining channel (hereinafter "bargaining channel unification") made a soft landing contrary to some people's concern that it might cause labor-management or labor-labor conflicts. There were a total of 418 newly established unions as of the end of December 2013. The number of newly established unions has continued to decline and is starting to stabilize. The proportion of workplaces complying with the requirement to establish a single bargaining channel was 98.7%. This suggests that most workplaces conducted bargaining following the legal procedures.

	No. of trade unions			No. of union members		
	2011	2012	Change	2011	2012	Change
Enterprise-level unions	4,646	4,662	16	756,290 (44.0%)	797,630 (44.8%)	41,340 (0.8%p)
Non-enterprise level unions	474	515	41	963,632 (56.0%)	983,707 (55.2%)	20,075 (△0.8%p)
Total	5,120	5,177	57	1,719,922 (100%)	1,781,337 (100%)	61,415



Such stable industrial relations are considered to have played a part in broadening the basis for creating a sound corporate ecosystem where labor and management can prosper together. For instance, they served as the driving force behind corporate development and job creation by enabling labor and management to act as responsible stakeholders leading the economy.

The government will continue to pursue policies for the advancement of industrial relations to create "industrial relations towards a better future" which can not only bring stability to industrial relations but also generate jobs amid rapidly changing labor market circumstances due to economic globalization and intensifying competition.

II. Establishment of Foundation for Win-Win Labor-Management Cooperation

1. Stronger support for the spread of labor-management cooperation

1-1. Publicity activities to spread labor-management cooperation

In 2013, the government strived to spread favorable public opinion on the establishment of a sound industrial relations culture and ensure a soft landing of the multiple unions system by conducting all-out publicity activities through the media, such as TV, newspapers, the internet and public participation campaigns. It also spread social responsibility among workers and employers and expanded the target audience of publicity campaigns to promote a culture of communication and harmony to cover the general public as well as employers and workers.

The government held events, such as the naming contest for the industrial relations culture website and "Let's Boast about Our Company's Canteen", to increase interest and participation among the general public. As part of online publicity efforts, information on labor-management cooperation policies and examples of a win-win cooperative industrial relations culture was provided via the industrial relations culture website (www.nosabravo.or.kr) to widely spread a culture of communication and harmony.

Meanwhile, the 'local four-party community' composed of labor, management, the government and civic groups in each local area was created to share relevant information among local quadripartite consultative councils, a decision-making and consultation body of local economic players, and thus promote their active operation. This made possible two-way communication between central and local levels and between local consultative councils.

1-2. Support for labor-management partnership programs

For ten years now since its launch in 2003, the labor-management partnership support project has provided support for labor-management cooperation programs carried out jointly by labor and management to firmly establish cooperative industrial relations in workplaces. It has established its position as a major project contributing to better industrial relations in Korea. Since 2009, institutional improvements have been made to the project to enhance its effectiveness and expand support for newly participating enterprises and SME. They included restricting successive subsidy reception, raising the self-financing ratio for large companies (from 20% to 30%), establishing a beneficiary search system and inviting applications separately according to enterprise size.

+ Number of beneficiaries by year

Year	Budget (in million won)	Beneficiaries					
		Total	Workplaces	Workplace organizations	Regional organizations	Industry associations	Non-profit corporations
2008	3,500	83	68	0	9	6	-
2009	4,000	112	96	0	8	8	-
2010	4,000	127	115	5	0	7	-
2011	4,400	130	117	4	0	9	-
2012	4,400	136	124	6	6	-	-

The government evaluated the effectiveness of the project by making a before-and-after comparison in seven categories - open management, internal communication, profit sharing, human resources development, workers' and employers' awareness and attitudes, collective labor relations and partnership. The evaluation found that awareness of industrial relations had improved each year (2.9%p in 2009 → 4.5%p in 2010 → 5.0%p in 2011 → 6.1%p in 2012) since the introduction of the project.

1-3. Certification of enterprises with excellent industrial relations culture and Workers' Day Awards

In a bid to promote labor-management cooperation, the government has selected enterprises with an excellent industrial relations culture and the winners of the Best Labor Relations Culture Award and provided them with administrative and financial support. In 2013, out of 125 enterprises applying for the certification of enterprises with an excellent industrial relations culture, 65 were selected and certified as such.

Regarding the Best Labor Relations Culture Award, 12 out of 32 applicants were selected as award winners in 2013. The winners enjoy various benefits, such as the right to postpone a tax audit and extra points given if they bid for government procurement contracts or receive a credit assessment.

Moreover, on Labor Day (May 1) of each year, those who have contributed to promoting labor-management cooperation and improving productivity are selected and offered government awards. On Labor Day of 2013, the Order of Industrial Service Merit, Industrial Service Medal, Presidential Citation, etc. were awarded to a total of 234 people.

2. Strengthening of central tripartite dialogue and local quadripartite cooperation

2-1. Promotion of tripartite dialogue at the central level

Since its launch in 1998, the Economic and Social Development Commission (ESDC) has contributed to minimizing social conflicts by identifying and discussing key social issues and making agreements or recommendations, including the social agreement to overcome the Asian financial crisis of 1998.

So far ESDC has operated a total of 24 meeting groups (the committee on improvement of working hours & wage systems, the baby-boomer employment policy committee, etc.) and carried out in-depth discussions on social issues, such as reforming wage systems, reinforcing public and private employment services, devising measures to utilize the baby boomer workforce, improving the employment environment for SMEs and creating an advanced industrial relations culture.



2-2. Stronger cooperation between labor, management, civic groups and the government at the local level

A local quadripartite consultative council, whatever it is called, refers to an organization in which the government, labor and management, and residents' representatives in a local area participate and conduct practical consultations to create jobs and stabilize industrial relations in that local area for the purpose of reviving the local economy. In an effort to promote such local four-party cooperation, the government has conducted a project to provide support for programs that each local government runs through its local quadripartite consultative council.

In 2013, with a view to improving understanding of the project and encouraging participation, the government held joint information sessions for local governments as well as a series of meetings, workshops, etc. The government also published and distributed a "best practice casebook", a collection of examples of well-run local consultative councils and a "guidebook on the project to promote local four-party cooperation" aimed at helping local government officials in charge to carry out the project. In this way, the government put its efforts into creating a climate that promotes local four-party consultation.

3. Spread of social responsibility among employers and workers

Both at home and abroad, there is growing interest in the shift towards a new industrial relations paradigm which emphasizes corporate social responsibility (CSR) and union social responsibility (USR).

The government has recognized that raising awareness of social responsibility across industrial sites was an important first step in spreading social responsibility among employers and workers. So social responsibility diagnostic models and indicators combining both corporate social responsibility (CSR) and union social responsibility (USR) were developed through two commissioned research projects in 2010 and 2011 respectively.

In 2013, the government went beyond enhancing awareness and spreading a favorable atmosphere and started to focus on finding best practices and disseminating them through joint campaigns with major daily newspapers to put such social responsibility into wider practice.

4. Labor-management council system

Aside from the system of collective bargaining between labor and management over wages, working hours, welfare and other working conditions, Korea has the labor-management council system whose aim is to increase productivity, promote the welfare of workers and handle grievances in the workplace. Labor-management councils have been established and operating at the enterprise level to promote workers' welfare and achieve sound corporate development through mutual participation and cooperation between labor and management.

Matters subject to decision by labor-management councils include the establishment of a basic plan on employee education/training and skills development; installation and management of welfare facilities; creation of an employee welfare fund; matters not decided upon by the grievance handling committee; and the setting-up of various joint labor-management committees.

III. Establishment of Fair and Responsible Industrial Relations Culture

1. Efficient and preventive management of labor-management conflicts

In 2013, the new administration made meeting a 70% employment target its top policy priority, and strived to create an atmosphere of social dialogue with a view to creating and retaining jobs and improving the quality of jobs. As a result, the Ministry of Employment and Labor (MOEL) signed the "tripartite jobs pact to achieve a 70% employment rate" with the Federation of Korean Trade Unions (FKTU) and the Korea Employers' Federation (KEF) on May 30 to seek cooperation and concession from labor and management. Based on this pact, MOEL announced the "roadmap to achieve a 70% employment rate" and has since implemented it.

Meanwhile, adhering to the principle that labor-management conflicts must be settled autonomously through dialogue within the boundaries of laws no matter how long it takes, the government has made efforts to manage labor-management conflicts systematically and efficiently, promote productive bargaining and reform irrational industrial relations practices. Thanks to such efforts, industrial relations have remained stable, new industrial relations laws and systems, including the paid time-off system and the bargaining channel unification, made a soft landing, and an atmosphere of labor-management cooperation is spreading across workplaces.

In an effort to stabilize industrial relations at workplaces, prevent labor disputes and manage labor-management conflicts in a systematic and efficient way, the government selected 246 workplaces prone to labor disputes and assigned dedicated labor inspectors to those workplaces. It also deployed intensive dispute prevention activities, such as detecting and analyzing the causes of conflicts before wage and collective bargaining. In particular, 11 key workplaces, including automobile and railway firms, which could have a great social and economic impact were selected and managed intensively and directly by the head of each local employment and labor office.

Meanwhile, an "industrial relations support task force" was set up in each local employment and labor office to strictly deal with illegal acts and eventually establish industrial relations which were in compliance with laws and principles. Legitimate strikes and justifiable union activities were actively protected within the boundaries of laws, but if any illegal act, such as employers' unfair labor practices and trade unions' illegal strikes or acts of violence and destruction, is committed, corresponding legal liability has been imposed on the violator regardless of whether he/she is an employer or a worker.

2. Reform of irrational industrial relations culture and practices

The government continued to adhere to "laws and principles" and the "principle of letting labor and management autonomously settle their conflicts" and promoted the reform of irrational industrial relations practices. As a result, industrial relations stayed remarkably stable in 2013. However, there still remained irrational industrial relations culture and practices, such as restrictions on employers' right of personnel management and managerial prerogative, unlawful collective agreements and union bylaws and the practice of keeping too many full-time union officials. To reform such practices, the government spread the consensus on the need to reform irrational industrial relations practices and stepped up its guidance efforts to reform irrational practices found in collective bargaining and collective agreements.

In 2012, the government came up with and distributed 'wage and collective bargaining guidelines' to reform irrational practices, such as occupying workplaces, and to establish advanced bargaining practices and order, such as wage negotiations and collective agreements simultaneously (Feb. 2012). It also continued to take stern action against employers' unfair labor practices surrounding the multiple unions system implemented since July 1, 2011, thus helping to reform irrational practices and create an advanced industrial relations culture.

IV. Improvement of Industrial Relations Laws and Systems

1. Support for the entrenchment of the paid time-off system and the bargaining channel unification

1-1. Support for the entrenchment of the paid time-off system

According to the tripartite agreement reached on December 4, 2009, the Trade Union and Labor Relations Adjustment Act (hereinafter "Trade Union Act") was amended on January 1, 2010 to implement the ban on the payment of wages by employers to full-time union officials, which had been put on hold for 13 years since 1997. Along with the ban, the paid time-off system that allows employers to pay for union activities serving the common interests of both labor and management was introduced and came into effect on July 1, 2010.

Under the paid time-off system, employers are prohibited from paying wages to full-time union officials pursuant to the amended Trade Union Act, and trade unions are required to bear such costs on their own, but workers are allowed to engage in the union activities prescribed by the Trade Union Act, such as bargaining, consultation, grievance handling and occupational safety activities, without any loss of wages.

To ensure that the paid time-off system take root in industrial sites, the government continued to conduct guidance and inspection activities in respect of collective agreements made in large companies and the public sector and their implementation in 2012. The government made it a rule to strictly deal with dodgy and illegal acts committed by employers and trade unions. And to spread a law-abiding atmosphere, it came up with a "guidance and inspection plan for the paid time-off system" on January 25, 2012 and instructed local authorities to follow the plan.

Meanwhile, in order to spread the law-abiding atmosphere across all workplaces, the scope of workplaces subject to guidance and inspection, which had focused on major workplaces, such as large

companies and car manufacturers, was extended to small and medium-sized workplaces in 2012. In the case of workplaces with multiple unions, the government strengthened preemptive prevention activities to prevent violations of law. For instance, they were offered advisory and consulting services to prevent labor-management or labor-labor conflicts over the allocation of the maximum paid time-off. And in the case of workplaces introducing or agreeing to introduce the maximum time-off limit, the government undertook monitoring of collective agreements and workplace inspections simultaneously and judicially treated violators to completely block employers' and trade unions' illegal and dodgy acts.

Thanks to these efforts, of 3,028 unionized workplaces with 100 employees or more (including those with fewer than 100 employees in the manufacturing (metal) and public sectors) whose collective agreement was due to expire before the end of June 2013, 3,013 or 99.5% (tentatively) agreed to introduce the maximum time-off limit. And of those workplaces introducing the maximum time-off limit, 3,012 or 99.9% observed the limit while just one workplace (0.1%) exceeded it. So the paid time-off system has been seen as settling down rapidly in a relatively short period of time.

* According to a report released by the Korean Industrial Relations Research Association on June 15, 2012, the number of paid full-time union officials fell by 32.1% from 2.8 to 1.9 on average. This shows that on the whole, the paid time-off system made a soft landing.

+ Number of workplaces adopting the paid time-off system(as of Jun. 30, 2013)

(Unit : workplaces)

Workplaces subject to guidance	Workplaces (tentatively) agreeing to introduce the maximum time-off limit		
	Total	Those complying with the limit	Those exceeding the limit
3,028	3,013	3,012(99.9%)	1(0.1%)

In an effort to create a law-abiding atmosphere, the government had monitored and inspected 2,990 workplaces introducing the maximum time-off limit by the end of December 2012. Among them, 383 were found to have violated laws, and ordered or instructed to correct their violations.⁵⁾

5) 337 workplaces completed corrective actions, 2 were implementing a corrective order or instruction, and 44 were judicially treated.



1-2. Support for the entrenchment of the bargaining channel unification

1-2-1. Overview of the Multiple Unions System

With the revision of the Trade Union and Labor Relations Adjustment Act on January 1, 2010, workers have been allowed to freely establish or join two or more trade unions at the enterprise (workplace) as well as non-enterprise levels since July 1, 2011.

However, allowing multiple unions to be established at the enterprise level could cause duplicated bargaining and other disruptions to bargaining order, undermine uniformity in working conditions and lead to excessive power struggles and split-up between trade unions. So the bargaining channel unification based on the "one-enterprise one-bargaining" principle, which ensures that one enterprise (workplace) is subject to the same unified collective agreement, was introduced to prevent such chaos in workplaces.

By implementing the multiple unions system, which had been postponed for 13 years, the government not only solved its age-old labor problem but also began to guarantee workers' right to organize without limitation. And by laying down the "one-enterprise one-bargaining" principle, it paved the way for the stable development of balanced and harmonious industrial relations complying with principles.

1-2-2. Operation of "multiple union advisory teams" and "cyber call center for unfair labor practices"

It was necessary to find in advance and systematically respond to the causes of conflicts, such as disputes between employer and trade union or between trade unions and employer's unfair labor practices, that might arise in the process of setting up multiple unions or establishing a single bargaining channel. That is why MOEL set up an "multiple union advisory team" (originating from existing "tripartite advisory teams") in each of its 48 local offices in January 2011 and opened a "cyber call center for unfair labor practices related to multiple unions" on its website (www.moel.go.kr) on September 1, 2011 in an effort to help the multiple unions system take root in workplaces early. In January 2012, existing 'tripartite advisory teams' established at the metropolitan level were expanded and reorganized into 'multiple union advisory teams' under the control of local employment and labor offices in 48 areas (including Jeju).

From its launch until the end of June 2013, a total of 47 cases (31 companies) were reported to the center. Among them, 12 cases (6 companies) found to have violated laws were judicially treated, one case (one company) was ordered to correct its collective agreement, and 34 cases (254 companies) were administratively closed as the allegations made in those cases were not verified.

1-2-3. Entrenchment of the bargaining channel unification

The government has helped the bargaining channel unification to take hold smoothly in workplaces and labor movements to change into rational ones reflecting the voices of field workers. For instance, it distributed work manuals and leaflets on union pluralism, provided education for officials in charge at local authorities and Labor Relations Commissions, organized lectures and information sessions for workers' and employers' organizations, contributed related articles to the press, operated multiple union advisory teams, set up the cyber call center for unfair labor practices related to multiple unions, consistently publicized the system and provided guidance to workplaces, took stern action against employers' unfair labor practices, and newly established the "division for determination of bargaining representative" in each Labor Relations Commission (Mar. 2011).

Before the implementation of the multiple unions system, there was a concern that the system would lead to uncontrolled proliferation of trade unions and intensifying labor-management or labor-labor conflicts, and thus give rise to many disputes. However, contrary to this concern, the number of newly established trade unions, which was an average of 10.4 a day in July 2011 when the system entered into force, continued to fall, reaching 1.3 in December 2011, 1.4 in March 2012, and 0.8 in June 2012 and started to stabilize at 1.2 in June 2013.

2. Strengthening of Labor Relation Commissions' dispute prevention/mediation functions

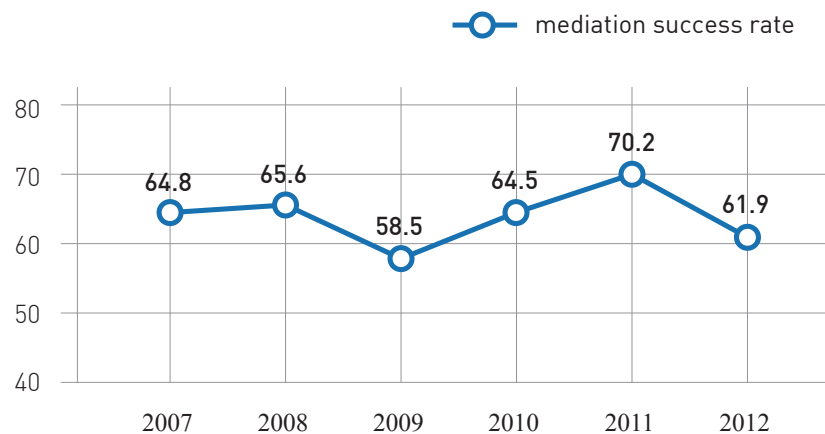
Labor Relations Commissions (LRCs) are consensus-based administrative bodies composed of workers, employers, and public interest representatives, which were set up with the enactment of the Labor Relations Commission Act on March 8, 1953 for the purpose of providing administrative services such as mediating and adjudicating disputes arising from industrial relations.

LRCs operate mainly to settle individual rights disputes (adjudication cases), especially over unfair labor practices and dismissal, and collective interest disputes (mediation cases), such as industrial action. Their new services concerning the Minimum Service System introduced in January 2008 and the multiple unions system effective since July 2011 are taking hold smoothly. In addition, as the system of notifying LRCs of non-compliance with instructions to correct discrimination was introduced in August 2012, they are expected to play a bigger role in reducing discrimination against non-regular workers.

2-1. Strengthening of LRCs' dispute mediation function

In 2012, the number of requests for dispute mediation increased by 8.2% to 752 because of huge differences of opinion between labor and management on wages and welfare and businesses' belt-tightening caused by the continuing global economic slump. The success rate of mediation dropped by 8.3%p year-on-year to 61.9% due to various reasons, such as the delayed economic recovery and the right to strike secured by trade unions.

+ Mediation success rate by year



2-2. Efforts to entrench the Minimum Service System

Since January 2008, LRCs have received 212 requests (three requests in 2012) for a decision on minimum services that should be maintained even in the event of a strike. Of the total cases, a

decision was rendered in 151 cases (one case in 2012), 60 cases (one case in 2012) were withdrawn after autonomous settlement between the employer and trade union concerned, and one case was still under way as of the end of 2012. Requests for decision on minimum services came mostly from diverse and professional job categories, such as gas supply, hospitals and railway services. So in order to enhance their expertise, LRCs held workshops for their members and investigators and created a pool of experts who can give advice on relevant areas.

2-3. Efforts to entrench the multiple unions system and the bargaining channel unification

A total of 756 union pluralism-related cases - 133 cases in 2011 and 623 cases in 2012 - (including 79 reviewed cases) have been filed with Labor Relations Commissions across the country since the bargaining channel unification entered into force with the revision of the Trade Union Act on July 1, 2011. As of the end of 2012, 732 cases had been processed and 24 cases were under way. By type, cases concerning public notification of trade unions demanding bargaining numbered 303, representing the largest share (40%), which was followed by 278 cases (37%) concerning the separation of the bargaining unit, 98 cases (13%) concerning the determination of a bargaining representative union, and 77 cases (10%) concerning a violation of the duty of fair representation.

2-4. Stable operation of the discrimination correction system

Amendments to the Act on the Protection, etc., of Fixed-Term and Part-Time Employees and the Act on the Protection, etc., of Dispatched Workers, aimed at promoting the correction of discrimination against non-regular workers, passed the National Assembly on February 1, 2012 and came into effect on August 2, 2012.

Under the previous law, non-regular workers could seek redress for discrimination against them only through the competent Labor Relations Commission. But the amended law granted labor inspectors at local employment and labor offices the authority to instruct employers to correct such discrimination.

However, if an employer fails to comply with a labor inspector's demand to correct discrimination, the labor inspector does not have the authority to punish the employer. In this case, he/she may notify the Labor Relations Commission of such non-compliance and then the Commission examines the case. This institutional change made it possible for incumbent workers who could not request redress

for discrimination for fear of losing their jobs to seek such redress. In addition, the period during which a worker can file a request for redress was extended from three months to six months.

3. Support for the entrenchment of the Minimum Services System

The Minimum Services System was newly introduced in January 2008 according to an amendment made to the Trade Union and Labor Relations Adjustment Act in December 2006. Under the Minimum Service System, essential public services, such as railroads, inner-city railroads, air transport, water, electricity and gas supply, hospitals and communications, are, in principle, guaranteed the right to take industrial action, but essential services whose stoppage could have a considerable impact on the life, health, physical safety and/or daily lives of the public are obligated to maintain a certain level of services.

The list of workplaces required to enter into a minimum service agreement was adjusted to reflect the bargaining channel unification introduced on July 1, 2011. Of 224 workplaces required to make a minimum service agreement as of the end of 2012, 172 autonomously concluded such an agreement or received a decision on minimum services from a Labor Relations Commission.

+ Minimum services agreements (decisions) by the type of essential public service

(Unit : workplaces, %, as of the end of 2012)

	Total	Railroad	Inner-city railroad	Air transport	Water	Electricity
Workplaces subject to minimum service system	224	1	7	15	1	15
Workplaces concluding minimum service agreement	172	1	7	12	1	10
% of workplaces concluding agreement	76.8	100	100	80	100	66.7

+ Minimum services agreements (decisions) by the type of essential public service

(Unit : workplaces, %, as of the end of 2012)

	Gas	Oil	Hospital	Blood supply	Bank of Korea	Communications	Postal service
Workplaces subject to minimum service system	17	7	151	2	1	6	1
Workplaces concluding minimum service agreement	6	6	125	2	0	1	1
% of workplaces concluding agreement	35.3	85.7	82.8	100	0	16.7	100

Both labor and management in gas supply and communications services were passive about making a minimum service agreement and thus concluded few such agreements because of their relatively good industrial relations and small chance of a strike. However, of all workplaces subject to the Minimum Service System, as high as 76.8% either concluded a minimum service agreement or received a decision from a Labor Relations Commission, suggesting that the Minimum Service System have started to settle down.

V. Advancement of Public-Sector Industrial Relations System

1. Advancement of public officials' labor relations

1-1. Public officials' trade unions

The enactment of the Act on the Establishment, Operation, etc. of Public Officials' Trade Unions (hereinafter "Public Officials Trade Union Act") on January 28, 2006 opened the way for general public officials to legitimately set up trade unions and engage in union activities.

In spite of their relatively short history, public officials' trade unions have grown greatly in number. At the end of 2012, there were a total of 110 trade unions of public officials with a combined membership of 164,683 people.

+ Number of public officials' trade unions

(As of the end of December 2012)

	Total	Federations	Nationwide	Constitutional institutions	Administrative agencies	Local governments	Municipal and provincial offices of education
No. of unions	110	9	4	2	2	69	24
No. of union members (persons)	164,683	-	60,467	7,680	22,951	48,810	24,775

1-2. Policies for advancement of public officials' labor relations

With the Public Officials' Trade Unions Act entering into force, public-sector employees, including teachers and employees of public institutions who already have the right to organize, have emerged as a main pillar of labor relations in Korea.

Given public officials' special status, the public nature of their work and their high union density (55.8%) which makes the public service the most highly unionized single sector, how to establish rational labor relations in the public service in the future is an important question directly related to the competitiveness of Korea's public officials and overall labor relations. Fully aware of this, the government has made various efforts to establish rational public service labor relations as soon as possible.

On the occasion of the 5th anniversary (Jan. 28, 2011) of the Public Officials Trade Union Act, the government held a forum under the theme of "Five Years into Labor Relations in the Public Service: Evaluations and Challenges" which brought together representatives from the government and public officials' unions and external experts to evaluate public service labor relations so far and seek their future direction. In addition, the government made efforts to actively inform public officials that public service labor relations could gain public support only when they are in harmony with public interests and therefore public officials' trade unions should pursue reasonable activities instead of confrontations and struggles, thereby setting a good example for private-sector industrial relations.

Furthermore, in order to address existing unlawful or unreasonable practices of public service labor relations, since 2009, the government has continued its guidance efforts to improve public officials' collective agreements and union bylaws and make them compatible with the relevant law.

The government also actively conducted education and publicity activities for people in charge of public service labor relations. More specifically, as soon as the Public Officials Trade Union Act came into force, the government developed promotional leaflets and educational materials, including a practical handbook and explanatory notes on the key provisions of the Act, and distributed them across public institutions at all levels.

Moreover, the government produced and distributed work manuals, Q&A books and issue-specific litigation casebooks to help with the legal interpretation of the main issues of contention in the Act, and offered subdivided education courses, such as basic, professional, special and workplace-tailored courses, through the Employment & Labor Training Institute (ELTI) to provide systematic education about public service labor relations.

2. Advancement of teachers' industrial relations

2-1. Teachers' trade unions and collective bargaining

There are three nationwide teachers' trade unions (Korean Teachers and Education Workers' Union, Korean Union of Teaching and Education Workers and Korean Teachers Union), one association of teachers' unions (Korea Liberal Teachers' Union) and seven municipal- and provincial-level teachers' unions (Seoul, Gyeonggi, Chungnam, Ulsan, Daejeon, Busan and Jeonnam). Each nationwide teachers' trade union has its local chapters (16 chapters of KTU, 10 chapters of KUTE and 5 chapters of KOTU).

+ Number of teachers' trade unions

[As of the end of December 2012]

Union name	Affiliated organizations	No. of union members	Date of establishment
Korean Teachers & Education Workers' Union(KTU)	16 local chapters	60,249	Jul. 1, 1999
Korean Union of Teaching and Education Workers(KUTE)	10 local chapters	6,399	Jul. 1, 1999
Korean Teachers Union(KOTU)	5 local chapters	606	Dec. 1, 2008
Korea Liberal Teachers' Union(KLTU)	7 enterprise-level unions	2,402	May 4, 2006

Each teachers' trade union may sign a collective agreement with the Ministry of Education and a municipal or provincial office of education on teachers' wages, working conditions and welfare. By October 2013, KTU, KUTE, KLTU and KOTU had signed collective agreements with nine (Seoul, Busan, Gwangju, Gyeonggi, Gangwon, Jeonbuk, Jeonnam, Gyeongnam and Daegu), seven (Seoul, Busan, Gwangju, Gyeonggi, Jeonbuk, Jeonnam and Gyeongnam), two (Seoul and Gyeonggi), and two (Seoul and Gyeonggi) offices of education, respectively. Other offices of education are negotiating with each teachers' trade union to enter into a collective agreement.

2-2. Policies for advancement of teachers' industrial relations

First, the government has made efforts to revise the Act on the Establishment, Operation, etc., of Trade Unions for Teachers (Teachers Union Act), provided guidance to teachers to help them to set a reasonable bargaining agenda, and recommended or ordered teachers' trade unions to voluntarily correct the unreasonable provisions of their collective agreements in order to improve bargaining practices and establish rational industrial relations for teachers.

Second, the government has provided education on teachers' industrial relations. Such education has been provided to public officials in charge of collective bargaining in offices of education, principals, and so on to improve their understanding of labor laws, including the Teachers Union Act, and strengthen their collective bargaining capabilities.

Third, along with these efforts, the government published Q&A books about teachers' trade unions (Dec. 2007, Mar. 2011) and developed and distributed industrial relations manuals for teachers (Jun. 2009) to support rational bargaining at the school level. Moreover, it provided education to 3,967 people in charge of teachers' industrial relations on 108 occasions in 2012.

3. Advancement of industrial relations in other areas of the public sector

Public companies and other public organizations are pursuing rational industrial relations through business assessment and consulting as well as democratic bargaining with the Ministry of Strategy and Finance and the Ministry of Security and Public Administration.

In addition, in 2012 the government provided public-sector labor education to a total of 8,324 people on 111 occasions with a focus on solving actual industrial relations problems and conflicts facing the public sector.

2013 Employment and Labor Policy in Korea

Part 6

International Cooperation in Employment and Labor Administration





1. Overview

International cooperation in the field of employment and labor can be largely classified into the exchanges with international organizations and other countries and support for developing countries (ODA); reactions to FTA negotiations and effectuation; and support for foreign-invested companies and Korean companies overseas.

As, in the wake of the global employment crisis, the demand is on the rise for international policy coordination and exchanges in the field of employment and labor, Korea has taken an active part in the international conferences, especially organized by G20, ILO, OECD and APEC. The Korean government uses those international gatherings as an opportunity to introduce good policy experiences of the country to the international community and, at the same time, promote inter-country policy exchanges and cooperation.

Moreover, as a responsible member of the OECD DAC (Development Assistance Committee) since 2009, Korea is currently designing plans to expand its cooperation with and support for developing countries. In particular, as a rapidly growing number of developing countries are aspiring to adopt the Korean growth model, cooperation is being beefed up, especially in relation to job skills development.

The Ministry of Employment and Labor is also addressing labor standards and employment issues that are currently being discussed in the framework of international economic/commercial relationships such as FTAs, G20, etc. The FTAs with major countries include a separate chapter on the promotion of labor rights, in step with the ongoing international efforts to improve workers' rights.

Moreover, with the number of foreign-invested companies and overseas-invested companies continuing to rise thanks to the globalization drive, the Ministry has assisted these companies in managing their labor affairs more systematically, by hosting presentations and meetings on relevant policy measures and institutions, dispatching consulting teams to work sites and publishing information and materials.

2. Participation in activities of international organizations

2.1 ILO (International Labour Organization)

Korea became the ILO's 152nd member country in December 1991. Currently 185 countries are listed as members.

Korea was elected as a member of the ILO Governing Body in 1996, five years after its entry into the ILO. Recognized for its substantial contributions to the decision making process of the ILO since then, Korea was reelected as a member of the Governing Body for the sixth straight time at the general assembly held in June 2011. By actively serving as Chair of the Governing Body from June 2003 to June 2004, Korea also enhanced its national prestige within the ILO.

The Korean government has considered improving its national laws and practices in order to ratify ILO Conventions. To date, Korea has ratified 28 ILO Conventions including the four Core Conventions: Minimum Age Convention (No. 138); Discrimination Convention (No. 111); Equal Remuneration Convention (No. 100); and Worst Forms of Child Labor Convention (No. 182). The government has been undertaking active efforts to ratify more ILO Conventions by continuing to review the feasibility of ratifying conventions.

2.2. OECD (Organization for Economic Cooperation and Development)

Since Korea became the 29th member country of the OECD in 1996, it gradually expanded its presence, for example, by serving as the Chair of the Ministerial Council Meeting (chaired by then Prime Minister Han Seung Soo), the supreme decision-making body of the OECD, in 2009. With Korea's enhanced prestige in the OECD, the Korean government has also taken an active part in the discussions on employment and labor issues.

Also in 2013, the Member nations continued the discussions on national labor market policies and employment recovery measures to overcome the economic difficulties. At the Employment, Labor, Social Affairs Committee (ELSAC), which was held in April and October, the Korean government introduced its policies on employment and job skills development and expressed the hope that the OECD Employment Outlook will continue to offer empirical analyses and policy orientations.

The Korean government has also been actively involved in OECD cooperative programs. For instance, Korea has contributed a total of EUR 75,000 to 'the labor migrants policy review' which is scheduled for the period of 2012~2014.

3. G20 Labor and Employment Ministerial Meeting

At the 4th Meeting of G20 Labor and Employment Ministers which was held in July 2013 under the Russian presidency, the Ministers agreed on the need for employment policy control in response to the impact beyond the economic crisis and discussed the subjects of "job creation through economic reforms", "labor stimulation through employment promotion for the vulnerable groups", and "labor market monitoring".

The Korean government made a presentation under the topic of "the employment labor policy directions of Korea - a focus on labor market stimulation policies for the vulnerable groups-", and introduced the changes in the country's governing paradigm as well as the employment roadmap to accommodate the changes. Specifically, the government stressed the importance of encouraging the socially disadvantaged groups to find their independence through employment by providing customized services to suit their specific needs, and also highlighted its efforts in providing employment and welfare services for the working poor, women, youth and elderly workers, and devising measures to improve the employment rate of the social groups as the key priorities of the

roadmap.

During the meeting, the Korean government has actively participated in having separate/individual meetings with the heads of delegations from the member states and international organizations. The meetings between Korea and its counterparts, specifically the head of German delegation and Director General of the ILO, provided the opportunity to raise understanding of each others' labor policies and increase the possibility of future policy exchanges.

4. FTA negotiations

The Korean government has actively responded to the open, ever-liberalizing global economy by seeking Free Trade Agreements in a preemptive manner to secure reliable overseas markets and gain an international competitive edge.

Starting with the FTA with Chile, Korea signed a series of FTAs with large economies around the world, including Singapore, ASEAN, India, the European Union and the United States, all of which are already in effect. In addition, as of 2013, FTA negotiations with China, Indonesia and Vietnam are underway.

What is remarkable, some FTAs, particularly with the US and the EU, contain a separate labor chapter, specifying the institutional arrangements to ensure the implementation of the agreements, such as compliance with the 1998 ILO Declaration and prohibition of the labor standards degradation affecting trade and investment, and the organization of inter-governmental labor consultations.

In March 2013, government officials from Korea and the United States convened the 1st meeting of the Labor Affairs Council (LAC) under the Korea-US FTA in Washington, D.C. And the 1st and 2nd Korea-EU FTA inter-governmental consultative committee and Civil Society Forum were held in Brussel, June 2012, and in Seoul, in September 2013, respectively.

Currently, what is at issue in the FTA negotiations with China, Indonesia, etc. is the chapter on "temporary entry of workers", which emerged due to the counterparts' demand for increased labor mobility. The government is working on negotiation strategies that can be applied specifically to each of the negotiating partners, taking into full account the possible impact on the domestic labor market conditions, in light of the labor supply & demand outlook by sector, etc.

5. Promotion of international cooperative projects

5.1. Policy advisory programs for employment and labor systems in developing countries

After drawing up "the intra-governmental initiative to advance ODA (official development assistance)" in October 2010, the Korean government has proceeded with the institutional innovations to expand the country's overseas assistance and increase the effectiveness of the assistance. Additionally, taking a step further from the previous support for infrastructure development such as building job training centers, the Ministry of Employment and Labor sought ways to provide software-based assistance, which includes the establishment of employment and labor legislation and institutions.

In accordance with the institutional changes, the Ministry introduced a "policy advisory program for the establishment of employment and labor institutions" in 2012 to assist developing countries in creating their employment and labor strategies and policies and building or upgrading their relevant institutions, which include assistance in job training, occupational safety and employment service.

This program, in particular, provides for the "joint advisory team" consisting of the former and incumbent public officials responsible for employment and labor policies and the private specialists, and suggests macro policy orientations for beneficiary nations, as well as the roles of their governments, reflecting the specialization of the Korean Ministry of Employment and Labor.

As of 2013, the Ministry of Employment and Labor is providing support for establishing potential manpower supply models and building and improving occupational safety legislation in Mongol and Myanmar. And in 2012, it has provided support for employment legislation, vocational training institutions and occupational safety systems, respectively, in Vietnam, Sri Lanka and the Philippines.

Furthermore, the Ministry of Employment and Labor is planning to conduct researches on the employment and labor status and demand of the beneficiary nations to increase the effectiveness of the policy advisory program, and link them with the grant and non-grant aid projects of the Korea International Cooperation Agency (KOICA) and Economic Development Cooperation Fund of Korea (EDCF).

5.2. Multilateral cooperation

5.2.1. Cooperation with the ILO

The Korea-ILO joint cooperative program, which covers vocational training, occupational safety, labor migration, social security and youth employment, dates back to October 2003 when the Korean Minister of Labor and the ILO Director General signed the "MOU on the Korea-ILO Technical Cooperation Programme" in October 2003. For the implementation of the program, Korea contributed to the fund of ILO-Korea cooperation programme, in addition to its obligatory ILO contribution, to carry out individual projects in the areas of vocational training, social insurance, labor migration, employment and occupational safety. The amount of financial support for the program kept increasing in earlier years, with 500 million KRW in 2004; 600 million KRW in 2005; and 800 million KRW in 2006; and ranged from 1 billion to 1.5 billion KRW in the following years, with 1 billion KRW 2007; 1.5 billion KRW in 2011; and 1.3 billion KRW in 2012.

Moreover, as part of the Korea-ILO cooperation program, an annual Korea-ILO executive meeting is held to bring together the representatives from the ILO headquarters, the ILO Asia-Pacific regional office and the participating Korean organizations, especially for R&D projects, invitational training and the dispatch of professionals, all with a view to accomplishing the ILO's four strategic goals of labor rights, employment, social dialogue and social protection

More specifically, Korea's successful experiences and know-how in human resource development have been delivered to the developing nations, particularly in the Asia-Pacific region, playing an important role in advancing the field of employment and labor affairs and the public awareness towards the field in those countries. To name a few examples, Laos has developed job skills standards and evaluation modules for 9 occupations of the construction sector and is extending this effort over to the sectors of automobiles and IT; and Cambodia has produced a publicity video on the program to support the establishment of the occupational accident insurance system, for which the country has been selected as a model case of the Korea-ILO cooperation program. This cooperation program will be further promoted, in collaboration with the country's cooperation programs with other international organizations, such as ASEAN and ASEM.

5.2.2. Cooperation with the OECD

The Korean government has been participating in the Korea-OECD Labor Market Research Project with an annual contribution of 100 million KRW since 2004. In particular, Korea took part in the research program of "labor migrant policy review" for the period of 2012-2014 and made a voluntary contribution of EUR 75,000 for the program.

5.2.3. Cooperation with the World Bank

Since new cooperative projects with the World Bank were launched in 2006, the Korean government has been sending experts to the World Bank. In particular, Korea took part in the Multi-Donor Trust Fund for growth and employment, where Korea will invest a total of USD 1.5 million for four years from 2009 to 2012. To that end, in May 2009, the Ministry of Strategy and Finance, the Ministry of Employment and Labor and the World Bank signed the "Trust Fund Administrative Agreement" to conduct research on policies aimed at creating quality jobs and reducing poverty in developing countries, strengthen capabilities and carry out national pilot projects.

In particular, in December 2011, the World Bank and the Ministry of Employment and Labor provided a joint training course on labor market policies for 57 public officials in charge of labor policies from 12 Asian nations, and this training course was acknowledged as a great success by the World Bank. The Korean government is committed to cooperate with the World Bank in offering a range of research projects and other cooperation programs for developing countries to promote their capacities and field practices in relation to employment and economic growth. Furthermore, it is going to expand the exchanges through the World Bank, beyond Asian nations, into the rest of the developing world.

5.3. Bilateral cooperation in employment and labor (MOU conclusion)

Bilateral cooperation in employment and labor has been centered around the MOUs which are signed with developing nations to share Korea's experiences in economic development and reinforce mutual cooperation. After the Korean-Vietnamese Arrangement for Cooperation was concluded in 2004, the MOUs on cooperation in the area of employment and labor were also signed with Mongolia and the Philippines, and the cooperation programs under those MOUs have since been in place.

In the meantime, the Korean government signed an MOU with Gabon on cooperation for vocational training in 2007 and this served as a turning point at which the coverage of partnership was expanded from south-eastern Asian nations to include other regions and continents. Afterwards, Korea also concluded MOUs on partnership for vocational training with South Africa and Bulgaria, which served to shed a light on the excellency of the vocational training system in Korea.

Since 2010, the government's inter-country cooperation has been extended through a joint committee, rather than on an MOU basis. For example, the government has set up the 'Korea-UAE joint committee' and the 'Korea-Oman joint committee' to build partnership on vocational training with the Middle East nations, and it is going to step up the cooperation and exchanges on vocational training with more nations in the region.

6. Labor management assistance for Korean companies overseas and foreign companies in Korea

6.1. Expansion of labor affairs management support for foreign-invested companies

Korea has helped foreign investors better understand Korea's labor atmosphere by holding presentations and meetings to explain revised labor laws and current labor affairs and policies, and has also tried to increase the opportunities of communication and interaction, through various forms of Q&A.

Korea also held seminars with consultative bodies for foreign companies — the latest one took place at the American Chamber of Commerce (AMCHAM) in April 2013 — which were directly presided over by the Employment and Labor Minister. In May 2013, the Minister explained about the directions of new labor policies during the employment and labor policy meeting for CEOs of foreign-invested companies which was organized by the Ministry.

Furthermore, in cooperation with Invest Korea, local employment and labor offices, the Ministry is providing local-based foreign-invested companies with individualized consulting on labor affairs, including workplace visits to listen to their difficulties and suggestions and publication of leaflets and manuals. In addition, the Ministry appointed labor inspectors exclusively for the foreign-invested companies in need of support for their labor-management relationships.

The Ministry of Employment and Labor has been distributed information on the employment and labor status of foreign-invested companies in Korea; published an English version of the Enterprises with an Excellent Labor-Management Culture in December 2013 and disseminated to the relevant organizations and foreign-invested companies; and organized five forums for the officials in charge of human resources and labor affairs at foreign-invested companies to help them better understand labor laws and institutions, and labor-management culture of Korea.

In the meantime, the twice-held labor-management cooperation workshops, where the union leaders and management of foreign-invested companies participated, have won positive response from the officials of the participating companies.

6.2. Expansion of labor affairs management support for overseas operations of local companies

The Korean government is exerting its best efforts to help Korean companies operating in foreign countries or those seeking to advance into foreign countries increase their adaptability to the foreign market, build mutually beneficial labor relations and secure a strong business performance, by providing them with labor management services, both before and after the overseas investment is made.

First of all, the proactive labor management service is to provide the companies planning to advance into the overseas markets the necessary information, including local culture, labor laws and institutions of the targeted countries. In this regard, in 2013, the Ministry of Employment and Labor held separate presentations for Korean companies that are seeking to advance into the markets of Vietnam, China, Indonesia, Cambodia and Brazil, respectively.

Moreover, the Korean government continues to publish new or modified versions of the guides on labor laws and institutions of local markets and distribute them to interested companies. Presently, labor affairs management guides for 21 different countries are available, while the labor conditions and market trends of major countries are also offered online for instant updates.

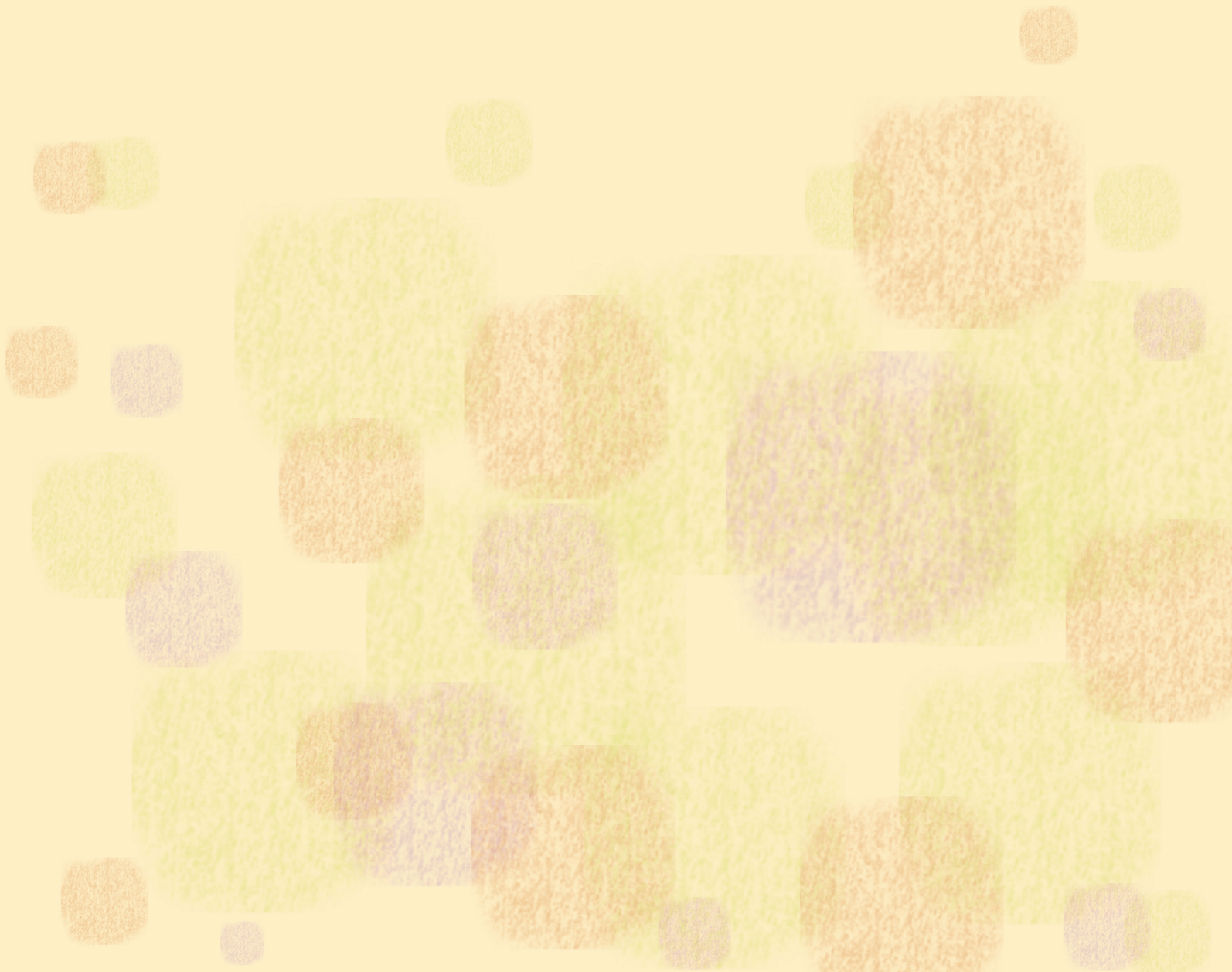
Meanwhile, the Korean government sends a labor management consulting support team to the nations in Asia and Latin America, where a large number of labor-intensive and small-sized Korean manufacturers are operating, in order to facilitate their adaptation to the local markets. The consulting support teams, which are composed of the officials from government agencies and other relevant organizations and independent specialists, have provided individualized consulting to the Korean

companies overseas, paid a visit to the government agencies, including the Ministry of Labor, of the particular foreign nation to deliver the difficulties faced by the Korean companies in that nation, and organized presentations, meetings and tripartite seminars there. In 2013, Vietnam, Indonesia, Myanmar and Cambodia were the destinations of the consulting teams.

In addition, in the foreign countries where a large number of Korean companies are doing business and, therefore, an employment and labor officer is appointed, the officer is making efforts to prevent labor dispute or address any incident of labor dispute, by providing labor management education, whenever necessary, to the Korean companies in the particular nation.

2013 Employment and Labor Policy in Korea

Appendix



I . Major Statistics

1. Per Capita GNI and Growth Rates (by Year)

Year	Nominal Terms				Real GNI Growth Rate(year-on-year) Growth Rate(%)
	GNI		Per-capita GNI		
	100 million Won	billion U.S. Dollars	10,000 Won	U.S. Dollars	
2005	8,644,273	844	1,796	17,531	2.0
2006	9,101,342	953	1,882	19,691	3.9
2007	9,768,139	1,051	2,010	21,632	4.8
2008	10,341,154	938	2,113	19,161	-0.6
2009	10,697,831	838	2,175	17,041	1.6
2010	11,747,530	1,016	2,378	20,562	5.6
2011	12,384,053	1,118	2,488	22,451	1.5
2012	12,795,464	1,136	2,559	22,708	2.6

Source : Ministry of Strategy and Finance(www.mosf.go.kr)

2. Economically Active Population (by year)

(Unit: 1,000 persons, %)

Year	Population aged 15 years and older				Economically Inactive Population	Economically Active Population Rate(%)	Unemployment Rate(%)
	Economically active Population						
	Employed	Unemployed					
2007	39,170	24,216	23,433	783	14,954	61.8	3.2
2008	39,598	24,347	23,577	769	15,251	61.5	3.2
2009	40,092	24,394	23,506	889	15,698	60.8	3.6
2010	40,590	24,748	23,829	920	15,841	61.0	3.7
2011	41,052	25,099	24,244	855	15,953	61.1	3.4
2012	41,582	25,501	24,681	820	16,081	61.3	3.2
2013	42,096	25,873	25,066	807	16,223	61.5	3.1

Source : Statistics Korea

3. Wage

+ Minimum wage

(unit: won, %, thousand persons)

Year	Minimum wage(hourly)	Increase rate	No. of workers applied	No. of beneficiaries
2008	3,770	8.3	15,351	2,124
2009	4,000	6.1	15,882	2,085
2010	4,110	2.75	16,103	2,566
2011	4,320	5.1	16,479	2,336
2012	4,580	6.0	17,048	2,343
2013	4,860	6.1	17,510	2,582

* Source : MOEL

+ Survey on wages

(unit: thousand won, per month, year-on-year, %)

Year	Nominal Wage	Real Wage	Consumer Price Index
2008	2,569	2,718	94.523
2009	2,636(2.6)	2,714(-0.1)	97.129(2.8)
2010	2,816(6.8)	2,816(3.8)	100.0(3.0)
2011	2,844(1.0)	2,734(-2.9)	104.0(4.0)
2012	2,995(5.3)	2,818(3.1)	106.3(2.2)

1) Figures in () are year-on-year increase rates.

2) Real wage = (nominal wage / consumer price index) X 100

* Source : MOEL [Labor force survey at establishments], Statistics Korea [Consumer price survey]

4. Working Hours

(unit: per month, in thousand won, %)

Year	All employees				Temporary & daily employees
		Regular employees			
		Contractual hours of work	Overtime hours		
2008	176.7	184.8	168.9	15.9	123.9
2009	176.1 (-0.3)	184.4 (-0.2)	169.3 (0.2)	15.1 (-5.0)	119.3 (-3.7)
2010	176.7 (0.3)	184.7 (0.2)	168.3 (-0.6)	16.4 (8.6)	115.4 (-3.3)
2011	176.3 (-0.2)	182.1 (-1.4)	168.5 (0.1)	13.6 (-17.1)	122.5 (6.2)
2012	174.3 (-1.1)	179.9 (-1.2)	167.2 (-0.8)	12.8 (-5.9)	122.3 (-0.2)

Note : Figures in () are year-on-year increase rate

5. Labor Disputes

(In case, day)

Year	No. of Disputes	No. of Illegal Disputes	No. of Work Days Lost
2007	115	17	536,285
2008	108	17	809,402
2009	121	11	626,921
2010	86	14	511,307
2011	65	8	429,335
2012	105	13	933,267
2013	72	2	637,738

* Source : MOEL

6. Industrial Accident

(In person, %)

Year	No. of employees (in thousand)	No. of the injured	No. of deaths	Accident rate(%)	No. of deaths per 10,000 people
2007	12,529	90,147	2,159	0.72	1.72
2008	13,490	95,806	2,146	0.71	1.59
2009	13,885	97,821	1,916	0.70	1.38
2010	14,199	98,645	1,931	0.69	1.36
2011	14,362	93,292	1,860	0.65	1.30
2012	15,548	92,256	1,864	0.59	1.20

1) Accident rate : no. of the injured / no. of workers x 100

2) No. of deaths per 10,000 workers : (no. of deaths / no. of workers) x 10,000

* Source : MOEL

II. Organizational Chart

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