

**Back to the Future:
Towards a fairer recovery with corporate responsibility**



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Overview of employment protection measures in the COVID-19 crisis

2

❖ Expanding Employment Retention Subsidy programme

- temporarily increasing the wage subsidy for companies keeping their employees: 67~75 % of the wage

❖ Emergency employment security subsidy

- KRW 500,000 (approx. USD 442) for up to six months to dependent self-employed workers and freelancers

❖ Introducing Key Industry Stabilization Fund

- Providing loans/equity purchase for industries severely impacted by the pandemic
- to maintain over 90% of employees for at least 6 months

Government has spent 20 times more for supporting enterprises than for employment and labour income

3

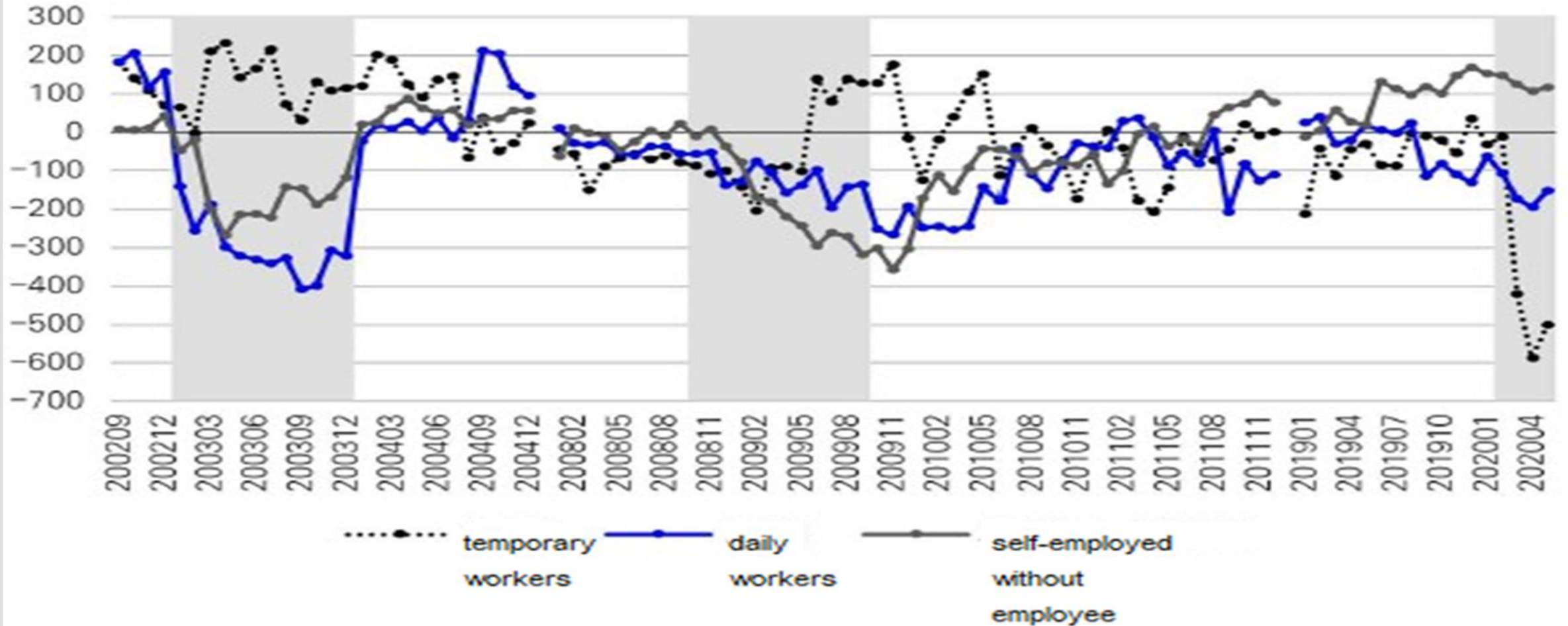
		Total execution (as of January 2021)			
		Amount		Nos of beneficiary workers	
			% of GDP		% of workers
Employment Support measures	Employment retention measures*	KRW 3.0 trillion	0.15	817,000	4.0
	Income support for vulnerable workers	KRW 1.7 trillion	0.1	1,088,000	5.3
	Subtotal	KRW 4.7 trillion	0.2	1,905,000	9.3
Enterprise support measures without employment retention duty		KRW 91.2 trillion	4.0		

* Total of the Employment Retention Subsidy, Special Employment Support Sectors, Key Industry Stabilization Fund

Source: Lee, C.-G. (2021: 10)

Non-standard workers: first hit/ last recovered in previous crises

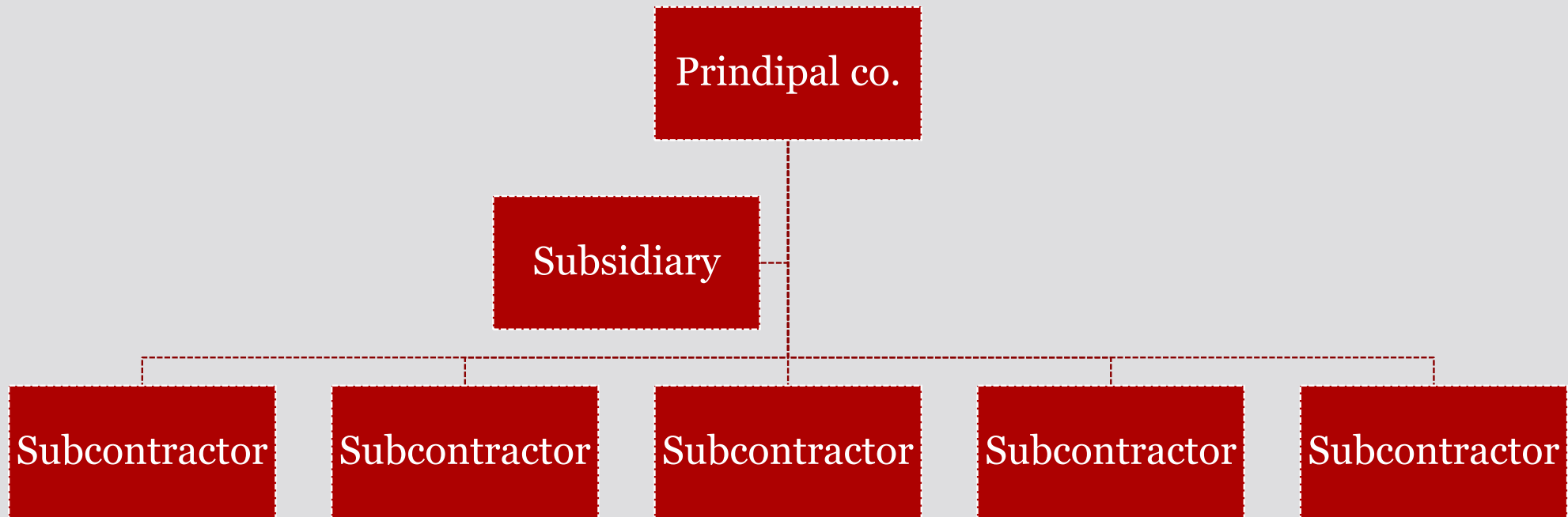
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The most vulnerable workers in the crises

5

❖ Subcontracted workers



The most vulnerable workers in the crises

6

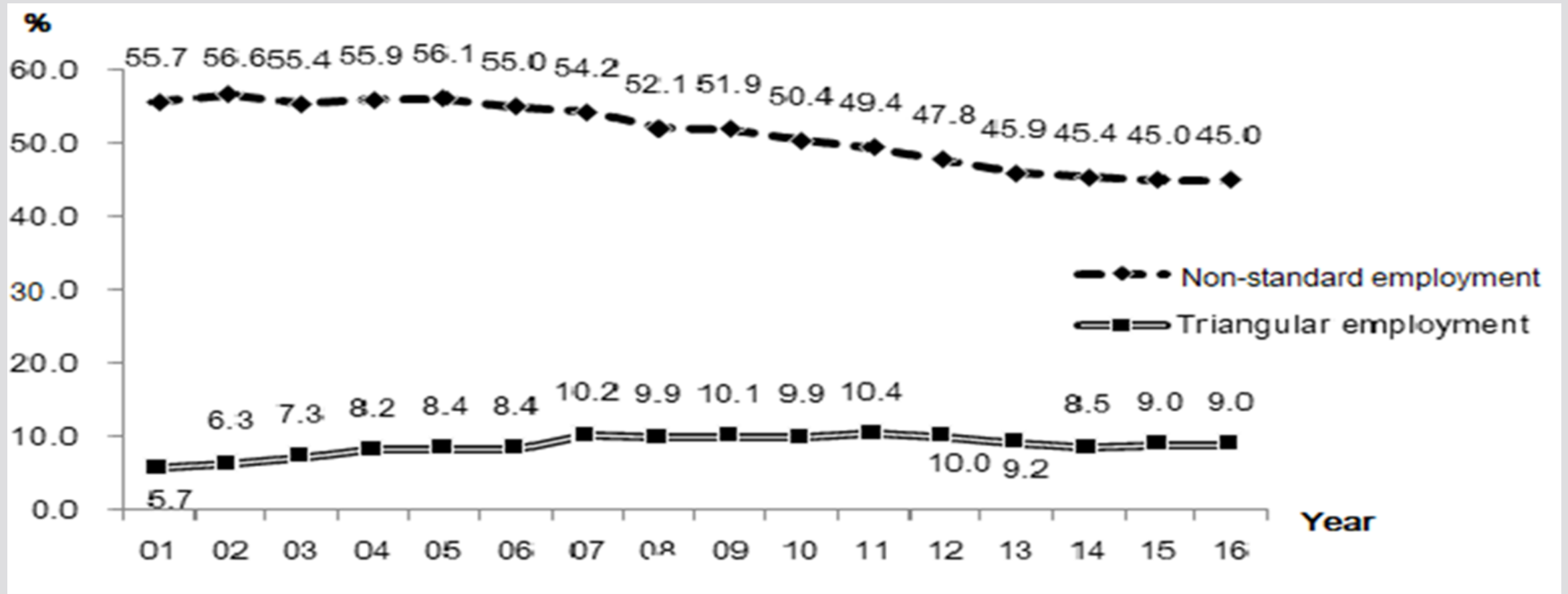
❖ Dependent self-employed workers

- a worker who provides her service for certain clients and is paid piece rates (National Statistics Office)
 - Estimated size varies from 506,000 to 2,210,000.
- “Persons in Special Types of Employment” (Industrial Accident Compensation Insurance Act § 125)
 - private home tutors, insurance salespersons, golf caddies, certain trades of owner-operators, door-to-door couriers, parcel deliverers, loan solicitors, chauffeur service drivers, and door-to-door salesperson etc. (around 607,417)

Vulnerability of current labour & social protection

7

- Regulations for facilitating greater labour flexibility



Vulnerability of current labour & social protection

8

❖ Non-regulation on contract-out of employer's responsibility

- Narrow interpretation of the “employment contract relationship” has contributed to an increase in ‘bogus self-employed’
- Courts hardly recognize the third person/entity outside an employment contract as an “employer”.
- Labour laws suppress the involvement of trade unions in the restructuring of work organization

Vulnerability of current labour & social protection

9

❖ Segmented employment insurance system

The coverage of employment insurance, 2019 (thousand, %)

Total				
Non-wage workers	Wage workers			
	Excluded	Not enrolled	Public servants Teachers	Workers with EI
6,799 (24.9)	1,781 (6.5)	3,781 (13.8)	1,469 (5.4)	13,528 (49.4)
Legal blind spot		Effective blind spot	Other social insurance	

Towards fair recovery

10

❖ Regulating contract-out of employer's responsibility

- Regulation over abuse of non-standard employment
- Strengthen protection from dismissal for non-standard workers
- Tackle against disguised employment relationship
- Secure right to collective bargaining with user-companies
- Enhance union involvement in changes in work organization
- All types of workers including dependent self-employed should be fully and equally entitled to right to organize and right to collective bargaining

Towards fair recovery

11

❖ Who should take responsibility?

from separated firms to vertically integrated network of firms

- Who should bear cost-and-risks related to labour market insecurity?
- When we see only individual entities separately, it is difficult to identify who should take responsibility for workers' rights, as a 'function' of the employer is performed by several firms.
- Making lead companies hold employers' liability over the entire supply chain
- Enhancing joint liability for income/ employment security
- Building sectoral bargaining/ industrial relation with multi employers