

Digital Platform Work in South Korea

Kim Jong-jin

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The Emergence of Digital Platform Work

Platform work, more commonly associated with “Uber” or “Coupang Eats,” has emerged as a social issue in Korea. Such platform work is not limited to food delivery or transport of goods, but also includes domestic work services such as cleaning and care work. A new industry ecosystem is being formed where these aforesaid types of work are combined with information and communication technologies. Many of the platform work are types of jobs that used to exist in the past as well. However, with the introduction of the digital platforms, new jobs were created one after another, and they have grown to the point where they are now dominating the market.

These days, there is an increasing number of workers who provide services ranging from translation and design to data input. Furthermore, there are now more and more companies that are similar to Amazon Mechanical Turk, which is a platform that allows requesters to post tasks globally. Most companies that offer detailed task services today have originally started off as start-ups and are now actively looking to raise outside investment.

In the case of Korea, platform workers are recognized as “self-employed” individuals and not “employees” in accordance with the “Labor Standards Act.” The Korean government classifies platform workers as “independent contractors,” which is a form of dependent self-employed individuals. Due to this current classification, platform workers cannot claim the protection and rights set forth in the Labor Standards Act, the Occupational Safety and Health Act, the Equal Employment Opportunity and Work-Family Balance Assistance Act, the Framework Act on Social Security, and the Trade Union and Labor Relations Adjustment Act.

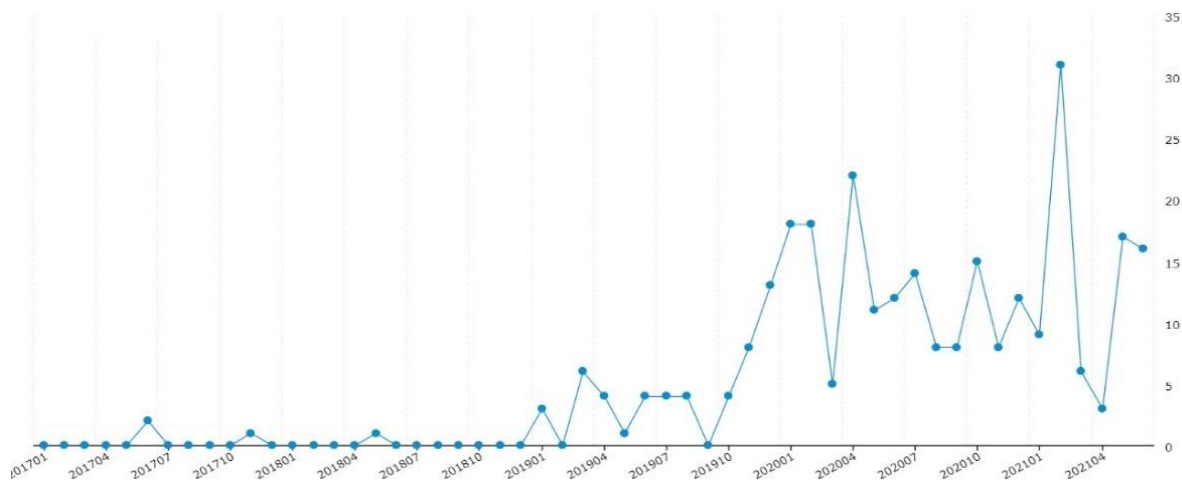
The Reality of Platform Work and the Traits of the Labor Market

Social Issues Concerning Platform Work

Problems related to platform work have emerged as an issue in Korea as various discussions were raised by the labor organizations, academia and the media. In particular, the judgement of the lower court (Administrative Court, 2013) concerning whether a food delivery rider should be considered as an employee and should be covered by the industrial accident compensation insurance, and the decision of the Supreme Court (2018)¹ thereof caused platform work to become a key labor agenda. In the earlier ruling (in 2013), for a case where a high-school student, doing part-time jobs for a delivery service provider, applied to the Korea Workers' Compensation and Welfare Service to claim the industrial accident compensation following an accident with a pedestrian, the Court decided that the student was not an employee of the delivery service provider under the Labor Standards Act.² At the time, the case was viewed from the perspective that the student was working for the delivery platform as a Person in Special Type of Employment and was not recognized as a platform worker.

Following this ruling, a related survey report was published for the first time in 2015, garnering a lot of attention from the labor organizations, the government and research institutes.³ Studies and discussions regarding platform work were carried out intermittently since the publication. However, it was in 2018 when platform work became a major social issue, alongside with the problem of persons in special types of employment not being recognized as “employees,” following the Supreme Court Decision on food delivery workers.

Image 1. The “Platform Work” Keyword Search Trend in News Outlets (Jan 30, 2017 – June 30, 2021)



Note: “Platform Work” news article search results from 24 major Korean media outlets (comprising 5 broadcasting stations, 11 major daily newspapers, and 8 economic trade publications).

¹ The main points of the judgement were as follows: it is difficult to view the delivery worker as an employee (exclusivity, etc.) under the Labor Standards Act; the work was done (provision of labor) not in the “restaurant,” but for the “delivery service provider”; the delivery app rider is not a “food delivery person,” but rather a “door-to-door courier.” Therefore, the delivery worker falls under Paragraph 6 of Article 125 (Scope, etc. of Persons in Special Types of Employment) of the Enforcement Decree of the Industrial Accident Compensation Insurance Act, hence the provision of the industrial accident compensation is appropriate. (Supreme Court Decision 2016Do49372, Decided April 26, 2018)

² Seoul Administrative Court Decision 2015Guhap 75629, Decided September 17, 2015.

³ The first source used for platform work in Korea: Kim Jong-jin et al. 2015. *Research on Part-Time Delivery Work in Seoul: A Case Study Focused on the New Delivery Business and Delivery Brokerage Services* published by the Youth Policy Division, Seoul Metropolitan City.

With the expansion of the digital platform economy, ranging from food delivery to driver for hire services, platform work, coupled with the issues related to freelancers, has become a controversial social issue and a contentious policy issue. The media actively started to cover platform work from June 2017, and by the end of June 2021, there were 288 cases reported by major media outlets, including broadcasting stations and newspapers. The number of media coverage was small between 2017 and 2019, but increased dramatically from 2019 onwards (refer to Image 1). The establishment of trade unions and the interest and support from the academic circle (through debates, forums and papers) have all sparked discussions about platform work. In particular, the inclusion of platform work in ILO's centenary report "Work for a Brighter Future" acted as a catalyst to further facilitate the discussion regarding relevant institutions.

The Size and Characteristics of Platform Work

As of 2020, the number of wage and salary workers was 20.27 million (including 8.5 million irregular workers) and the number of non-salaried workers was 6.81 million. More notably, the size of persons in special types of employment (1.65 million), platform workers (1.79 million) and freelancers (4 million) were not small (refer to Table 1). In particular, the work carried out by individual contractors used to be classified by jobs in the past. However, today, many of their work are serviced via platforms and are classified as gigs, projects or tasks, and such trend will continue to expand going forward.⁴

[Table 1] The Estimated Size of Business Income Earners, Persons in Special Types of Employment, Platform Workers and Freelancers in Korea

	Business Income Earners ⁽¹⁾	Freelancers ⁽²⁾	Persons in Special Types of Employment ⁽³⁾	Platform Workers ⁽³⁾
Korea (nationwide)	6.68 million	4 million	1.65 million	1.79 million
Seoul (city)	1,635 thousand	526 thousand	402 thousand	469 thousand
Research Period	2019	2018	2018	2020

Source: (1) Analysis of National Tax Services' original data on withholding income tax payments; (2) Analysis of KLI Labor Panel; (3) Size estimates per year made by KLI and KLSI

[Table 2] The Estimated Size of Platform Workers by Gender in Korea (2020)

Age Group	Korea (nationwide)			Seoul (city)		
	Female (33.5%)	Male (66.5%)	Total	Female (38.8%)	Male (61.2%)	Total
10-19	4.3%	3.7%	3.9%	8.6%	0.0%	3.3%
20-29	28.9%	17.0%	20.9%	37.0%	16.6%	24.4%
30-39	22.7%	26.4%	25.1%	19.6%	35.0%	29.1%
40-49	21.2%	30.1%	27.1%	15.4%	25.8%	21.8%
50-59	18.4%	16.8%	17.4%	16.5%	15.8%	16.1%
60-69	4.4%	6.1%	5.5%	2.9%	6.8%	5.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Re-analysis of the original estimate data of the platform worker size in Korea. (Chang Ji-yeon and Kim Jong-jin, 2020)

⁴ According to the research conducted by government-funded research institutes, the size of platform workers in Korea increased over time. It was 0.53 million in 2018 (Korea Employment Information Service, KEIS), 1.79 million in 2020 (Korea Labor Institute, KLI) and 2.18 million in 2021 (KEIS).

Although the digital platform economy is on the rise, platform workers are still classified as self-employed and thus are not covered by social insurances (such as employment insurance or industrial accident compensation insurance.) However, as accidents have occurred and persons in special types of employment, such as parcel delivery drivers and food delivery riders, lost their lives during the COVID-19 pandemic in 2020, the need for industrial accident compensation insurance and employment insurance coverage was raised. Against this backdrop, on December 23, 2020, the Korean government announced the Industrial Accident Compensation Insurance and Employment Insurance Coverage Plan 2021-2025 for Persons in Special Types of Employment and Platform Workers.

Currently, men account for 2/3 of the total number of platform workers, and this is due to the high share of delivery workers (52%). As for the age distribution, workers in their 30s and 40s take up more than 50%, but there is an even distribution of workers in their 20s and 50s as well. In the case of female workers (33.5%), they tend to be younger than the male workers (66.5%), and about half of them have university degrees. Gender segregation and gender pay gap (37%) are also witnessed in platform work.

According to the results of a 2020 survey, most of the female platform workers who provided domestic work or care work services were low wage earners (approx. 1 200 – 1 400 EURO), and male platform workers, such as logistics or courier service providers, were paid a relatively higher wage (approx. 2 400 – 2 800 EURO).⁵ The share of female workers was not just high in professional jobs, such as translation, teaching, instructing, or design, but also in micro-task related jobs, which are low paid online work.

⁵ Kim Jong-jin. 2021. *The State of Digital Platforms and their Characteristics: Web-Based, Region-Based Sizes and Conditions*. KLSI Issue Paper No. 146. Korea Labour & Society Institute.

The Formation of Industrial Relations in Platform Work and Related Issues

Unionization of Platform Work Stakeholders

Starting with food delivery and driver for hire services in the early 2010s, the growth of digital platform economy led to an active movement of unionization in the field. Platform work trade unions began to form between 2018 and 2019. Most of these unions are at a supra-company level or are independent unions, and are usually occupational unions. The demands of these trade unions are mostly requests for legal and institutional improvements (labor standards, labor rights, fees and industrial safety). Also, they want to engage in tripartite or bipartite negotiations, rather than individual company bargaining. In fact, the food delivery rider trade unions reached a tripartite agreement in September 2020 and a bipartite agreement in October 2020.

Most digital platform unions in Korea are organized by workers who are part of the logistics or delivery platforms, which are male worker centric and locally based platforms. Trade unions for web based platforms, which provide creative or content related services, also exist, but lack relevant institutions. Among the locally based platforms, those that have a higher proportion of female workers, such as cleaning or care work platforms, are not unionized yet.

As Korea's IT company Kakao expanded its business into numerous mobility fields such as driver for hire, taxi, and express delivery services, the workers of Kakao organized a trade union. Other trade unions (Rider Union; Labor Union of Delivery Service Workers under KCTU) were formed by workers of logistics or delivery platforms. As of 2021, the unions are in the process of creating a single bargaining channel for collective bargaining.

In December 2020, the first collective agreement was signed between the platform workers and the management of Woowa Brothers, the company that operates Baemin.⁶ In November 2019, the Rider Union was successful in getting the delivery riders to be acknowledged as employees, and more recently, it has been raising the issue related to the matching algorithm.⁷

Representing the Collective Interests of Platform Workers and Promoting Solidarity

Aside from the organization of trade unions, other alternative interest representation models, such as cooperatives and mutual aid associations, are being formed as well in line with the growth of the digital platform economy. Platform worker cooperatives claimed that they will operate with members comprising the workers and stakeholders who use the platform the most, but their movement is insubstantial in reality. The Korean cooperatives that are currently in place are: Korea Driver Service Society (2010), Translation Cooperative (2013), Life Magic Care Cooperative (2018) and Korea Information Technology Developer Cooperative (2019).

The Federation of Korean Trade Unions (FKTU) made efforts recently to establish a mutual aid association for platform work, and thus, it is likely that relevant institutions will be introduced soon. With the intent to start a new type of labor movement for platform workers and freelancers, FKTU launched the "Korea Platform Freelancer Mutual Aid Association" on October 26, 2021. The Association plans to protect non-unionized, precarious workers and pursue solidarity to further organize trade unions. It also aims to carry out projects such as asset formation support, vocational skills development, safe labor conditions and health promotion.

⁶ The first collective agreement on platform work concluded between the labor and management in Korea comprises 30 provisions and three addenda. The agreement includes topics such as: delivery fee and commission fee; delivery time and delivery matching; industrial safety and health, and working environment.

⁷ On November 6, 2019, the Ministry of Employment and Labor determined that the delivery riders - who worked for Foodfly (a subsidiary of Delivery Hero Korea, operated by Yogiyo) under a consignment agreement - were employees of the company, following the receipt of the riders' complaint on the grounds that the company did not pay their wages, such as the weekly paid leave allowance and overtime pay.

Institutional Development for Platform Work and Associated Conflicts

Social Dialogue on Platform Work

Amidst the changing industrial structure and technological advancements, the increase in various types of employment resulted in numerous research projects and accelerated the discussions regarding relevant institutions and policies. As for the tripartite dialogue, it has not been well executed compared to the on-going discussions concerning unionization or legal matters. Nevertheless, such increase in discussions shows how people do recognize that the platform work related problems may bring about considerable changes and have impacts to the economy and society as a whole.

For the past two years, many discussions were carried out by the central and local governments, committees under the government, and amongst the various tripartite stakeholders. In particular, the Economic, Social and Labor Council (ESLC) ran a committee from July 2018 to December 2020 to oversee the matters related to digital platform work, and announced the tripartite agreement on three occasions (the Basic Agreement, the use of standard contracts for IT and SW, and the coverage of industrial accident compensation insurance for delivery workers).⁸ Furthermore, on September 8, 2020, the Delivery Sub-Committee announced the Tripartite Agreement for Addressing the Types of Work Not Covered by the Industrial Accident Compensation Insurance. Moving forward, the Platform Industry Committee will be set up in 2022 to deal with issues like vocational education and training, conflict prevention and arbitration.

[Table 3] Major Types of Governance Mechanism on Platform Work in Korea (2017-2021)

Governance Type		Characteristics	Main Agenda	Participants	Discussion Results
ESLC	Digital Transformation and Future of Work Committee ⁽¹⁾	Drafts agenda	Everything related to digital platform work; IT/SW workforce brokerage platform	Conventional tripartite parties	Proposal; agreement
	Delivery Sub-Committee ⁽¹⁾	Solves problems	Coverage of industrial accident insurance for delivery workers	Delivery service stakeholders; conventional tripartite parties	Agreement
	Platform Industry Committee ⁽²⁾	Drafts agenda	Vocational education and training; prevention and resolution of conflicts	Platform industry stakeholders	Launched in June 2021
Jobs Committee's Platform Work Task Force ⁽¹⁾		Prepares policies	Statistical studies; social insurances, etc.	Platform companies and experts on platform work; government agencies	Reports on discussion results
The 4 th Industrial Revolution Committee's Delivery Worker Safety Net Task Force ⁽¹⁾		Prepares policies	Two wheeler insurance premium reduction for delivery workers	Related companies and experts; government agencies	Reports on discussion results

⁸ The three platform work related agreements announced by the Economic, Social and Labor Council is as follows: The basic agreement on the tripartite perception towards digital transformation and policy tasks (Feb 18, 2020); the tripartite agreement on revitalizing the IT and SW related platform economy and supporting the platform workers (May 27, 2020); the tripartite agreement on addressing the issue of delivery workers who are not covered by the industrial accident compensation insurance (Sep 8, 2020) As for the "parcel delivery drivers," who

are classified as persons in special types of employment in Korea, the Ministry of Employment and Labor, the Korea Integrated Logistics Association (KILA), four logistics companies and the trade unions jointly agreed on measures to prevent overwork deaths at the first (Jan 21, 2021) and second (June 22, 2021) social dialogue meetings.

Social Dialogue Forum on Delivery Services ⁽¹⁾	Solves and addresses problems between relevant parties	Improvement of working conditions for delivery workers	Key stakeholders in the market (Baemin, Delivery Hero Korea, KCTU's Service Federation and Rider Union)	Conclusion of a collective agreement
National Assembly's Task Force on Taxis and Carpooling ⁽¹⁾	Aims for a social grand bargain to address conflicts between industries	Creating a shared carpooling system	The National Assembly, the taxi industry, FKTU/KCTU, the mobility industry	Achieving a social grand bargain

Note: (1) Governance body no longer in place, (2) Governance body in operation

Meanwhile, local governments, including the Seoul Metropolitan Government and Gyeonggi Province Government, also sought to discuss and support platform work. The Seoul Metropolitan Government held a democratic consultation on “The Platform Economy and the Future of Labor” through its Public Opinion Committee from October to November 2020, and the results were submitted to the Seoul Metropolitan Government. In 2021, Seoul Metropolitan Government introduced the standard contracts for platform work and started to provide support for private insurance coverage in the Seoul area. As for Gyeonggi Province, the provincial government established a Task Force, which comprised three food delivery platform trade unions and nine companies as stakeholders, and concluded a social pact. As a result, since the latter half of 2021, the use of standard contracts, provision of legal consultations, creation of delivery accident prevention safety guidelines, expansion of industrial accident compensation insurance coverage and funding of insurance premiums (for 2,000 persons) took place.

Legal Discourse on Platform Work and Delay in Legislation

With the aim of realigning the necessary laws and institutions and the implementation thereof on site, so that people working in various forms of employment, including platform workers, can become autonomous and be protected, the Korean government and the National Assembly drafted “Four Bills Concerning the Platform Worker Protection.” As of the latter half of 2021, plans have been announced that the “Four Bills Concerning the Platform Worker Protection” will be used to prepare the institutional grounds to protect the platform workers. The four legislative bills have been submitted to the Standing Committee of the National Assembly, but due the divergent views of the ruling and opposition parties as well as the objections raised by the labor organizations, it is not clear whether the bills will get passed by the National Assembly.

[Table 4] Main points of the Four Major Bills on Platform Work (Nov 2021)⁹

▶ **Platform Worker Protection Bill, to be legislated:**

secure the fairness of contracts and protect the basic rights and interests of workers by stipulating the responsibilities and duties of the platform companies and the affiliated companies. (bill proposed in March, 2021)

② **Employment Security Act:** mandate the reporting of key information within the platform to protect the platform workers and to secure the fairness of the market. (amendment bill proposed in March, 2021)

② **Framework Act On Employment Policy:** establish grounds for the central and local governments to establish policies on collecting and providing information on new forms of employment, skills development, job security, etc. (amendment bill proposed in April, 2021)

② **Framework Act On Labor Welfare:** support welfare projects, etc. of mutual aid associations. (amendment bill proposed in April 2021)

Note: All four bills concerning the platform work are pending in the Standing Committee of the National Assembly, and are a point of contention between the ruling and oppositions parties

The Legislative Bill on Platform Worker Protection and Support (March, 2021) is comprised of: the Responsibility of Platform Operator provisions (from Article 5 to Article 12: fair contract and termination provisions, personal information protection, etc.); the Platform Worker Protection provisions (from Article 13 to Article 28); the Duty of Government provisions (from Article 29 to Article 32); and the supplementary provisions that includes the reporting and administrative guidance of the supervisory organization as well as fines (from Article 33 to 36 of Chapter 5). However, the labor groups are against the legislation of the bills for the following two reasons:

First, introducing the Platform Worker Protection Bill to set forth a “third status (the grey zone)” of workers, even though there is a way to address the issue by expanding the definitions of employees and employers (Articles 2.1 and 2.2) under the Labor Standards Act, is similar to having another round of discussion of the previous issues related to persons in special types of employment.

Second, although Article 3-① of the bill states that “*In relation to the relevant provisions of other Acts, this Act will be applied in case where the application thereof is more favorable for the platform worker.*” (The Favorability Principle), it is not going to be effective nor is it going to work in the real world.¹⁰

⁹ The Ministry of Employment and Labor organized a dedicated team (Digital Work Response TF, 5 members) in January 2021 as “various types of employment,” including platform work, special types of employment and freelancing, increased and became a social issue.

¹⁰ With the upcoming presidential election in 2022, the presidential candidates from the Democratic Party of Korea and the Justice Party are proposing that the current Labor Standards Act, which stipulates persons in special types of employment, platform workers, freelancers and the self-employed as non-salaried workers, the legislation of the Workers’ Law, which encompasses all the aforesaid workers.

Conclusion

The platform companies in Korea, which started to emerge in the mid- to late- 2010s, is now dominating the market with their food delivery and logistics services. These companies are very modern and put a great emphasis on innovation. Above all, they have developed a new way to offer products and services, and are optimizing the matching process of the supply and demand of services in an unprecedented manner. However, despite such growth of the digital platform economy, the reality is that the platform work itself is still outside the framework of legal institutions.

Tripartite dialogues are being carried out to improve the protection of platform workers and their rights and interests, but it still remains to be seen whether the platform economy will become a sustainable economy as the legislation of relevant bills are being delayed. Nevertheless, new discussions have started to take place in order to move away from the concept of working on an exclusive basis when determining one's employee status. The most notable one is the discussion that is being led by the political parties (the Justice Party and the Democratic Party of Korea), FKTU/KCTU, and the academia to replace the Labor Standards Act with the legislation of the so called "Workers' Law".

This legislative bill is about workers and not employees, so it includes any and all people who work, ranging from platform workers to freelancers. The legislation of this bill may potentially bring about changes in the unionization of platform workers and freelancers, or the general labor standards and norms such as industrial relations.

About the author:

Kim Jong-jin is a Senior Research Fellow at the labor think tank Korea Labour & Society Institute. His research focuses on platform work, green transformation and youth labor market. He also serves as a Chairman of the Youth Union Center, which is a labor consultation and education NGO, and also as a Vice-Chairman of the Working Committee at the Office for Youth Policy Coordination, Prime Minister's Secretariat.

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© 2021, Friedrich-Ebert-Stiftung, Korea Office
Rm. 1101, 88, Yulgok-ro, Jongno-gu
Seoul, 03131 Republic of Korea

Responsible:

Henning Effner | Resident Representative

t +82 (0) 2-745-2648

f +82 (0) 2-745-6684

E-mail: info@fes-korea.org

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