

# The Non-regular Work in South Korea

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# **The Non-regular Work in South Korea**

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# Definition of Non-regular Work

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In the early 1990s, the term “non-regular work” entered the lexicon of Korean society, when the government and corporate Korea pushed for an act on temporary agency workers. In fact, non-regular work existed before that, but in the 1970s and 1980s, the term didn’t exist, and such work was described instead as “temporary work,” “daily work,” “in-house subcontracting,” and other types of employment.

The need for an umbrella term arose in the 1990s, as the use of fixed-term work, part-time work, temporary agency work, special types of employment, on-call work, etc., increased. The gap between workers in these types of employment and regular workers widened, and discrimination against non-regular workers became a social problem. The labor movement began using the term “non-regular work” from the early 1990s, while corporate Korea and some in academia used direct translations of Western terms such as “non-standard work,” or “atypical work.” Since the 2002 labor-management-government consensus, however, “non-regular work” has been used by all parties as the official term.

Non-regular workers refer, literally, to workers who do not have regular employment status. In order to identify the number and working conditions of non-regular workers statistically, however, non-regular workers are counted first, while the rest are categorized as regular workers. Statistics Korea conducts the Supplementary Survey of the Economically Active Population Survey in August every year, where those who describe themselves as in one of the following 8 types of employment are categorized as non-regular workers: limited-term work, fixed-term work, part-time work, on-call work, special types of employment, temporary agency work, subcontracted work and home-based work. As of August 2020, there were 7.43 million non-regular workers (36.3%) and 13.02 million regular workers (63.7%). The problem with this practice is that 1.18 million temporary daily workers fall under the category of regular workers, which is misleading.

Temporary daily work is a widespread, informal type of employment in the Korean labor market. The term “temporary daily work” was used back in the 1930s and 1940s under Japanese colonial rule, and Statistics Korea has distinguished between permanent work, temporary work, and daily work in its publications since 1963. Even in the 1970s and 1980s, when the terms “non-regular work,” “part-time work,” and “temporary

agency work,” were yet to be coined, many collective agreements had provisions on temporary daily work. This illustrates that “temporary daily work” has meant an informal type of employment in workplaces for a long time.

Therefore, unions count temporary daily work also as non-regular work, in addition to the 8 types of employment mentioned above. According to this definition, there were 8.5 million non-regular workers (41.6%) and 11.94 million regular workers (58.4%) in Korea, as of August 2020.

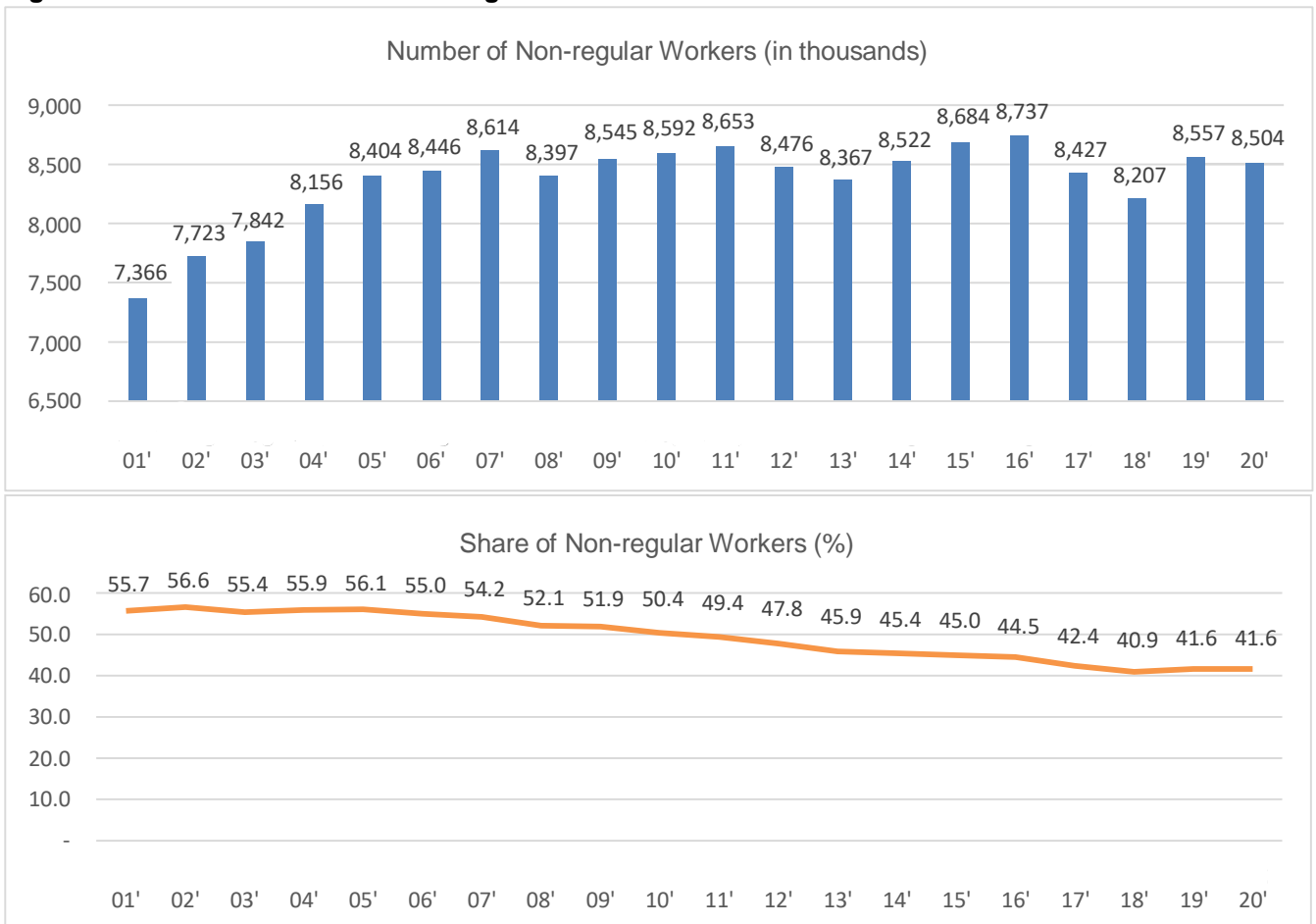
# Scale of Non-regular Work

Non-regular work expanded rapidly after the Asian financial crisis of 1997, and has become a social problem. In 2001, Statistics Korea began identifying the scale and status of non-regular work through the annual Supplementary Survey of the Economically Active Population Survey. Looking back at the last 20 years, the number of non-regular workers continued to increase between 2001 (7.37 million) and 2007 (8.61 million), and remained around the same levels between 2008 (8.4 million) and 2016 (8.74 million). With the transition from non-regular to regular employment contracts in the public sector, the number decreased by 310,000 in 2017, and by 220,000 in 2018. In 2019, however, the number rose again by 350,000, and in 2020, decreased by 50,000 in the initial shock of the Covid-19 pandemic.

The share of non-regular workers remained around 55-56% between 2001 and 2006, and continued to decrease between 2007 (54.2%) and 2018 (40.9%). It decreased by 2.1%p in 2017, and by 1.5%p in 2018. The share increased by 0.7%p in 2019, and remains the same at 41.6% in 2020.

The lower share of employment accounted for by non-regular workers between 2007 and 2018 can be attributed to two factors. First, the number of temporary daily workers decreased while the number of permanent workers increased with informal types of employment becoming official employment statuses in the labor market. Second, the Act on the Protection, etc. of Fixed-term and Part-time Employees was introduced in 2007, and the government implemented the transition of non-regular contracts to regular ones in the public sector in 2017 and 2018.

**Figure 1. Trends in the Scale of Non-regular Work**



Source: Statistics Korea, Supplementary Survey of the Economically Active Population Survey, 2001-2020

## Key Characteristics of Non-regular Work

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**Table 1. Scale of Non-regular Work (as of August 2020)**

		Number (in thousands)				Share (%)			
		Permanent	Temporary	Daily	Total	Permanent	Temporary	Daily	Total
Wage workers (1)		14,570	4,539	1,337	20,446	71.3	22.2	6.5	100.0
Regular workers (2 = 1 - 3)		11,942			11,942	58.4			58.4
Non-regular workers (3 = ① + ... +⑧, duplication excluded)		2,628	4,539	1,337	8,504	12.9	22.2	6.5	41.6
Employment contract workers	Temporary	2,147	4,539	1,337	8,023	10.5	22.2	6.5	39.2
	Long-term temporary ①		2,254	1,132	3,386		11.0	5.5	16.6
	Limited-term ②	2,147	2,285	205	4,637	10.5	11.2	1.0	22.7
	(Fixed-term)	2,124	1,768		3,933	10.4	8.6	0.2	19.2
Hourly workers	Part-time work ③	598	2,128	526	3,252	2.9	10.4	2.6	15.9
Workers offering labor through selected modes	On-call ④			896	896		-	4.4	4.4
	Special types of employment ⑤	19	445	34	498	0.1	2.2	0.2	2.4
	Temporary agency and subcontracted (Temporary agency) ⑥	451	196	69	716	2.2	1.0	0.3	3.5
	(Subcontracted) ⑦	107	42	15	164	0.5	0.2	0.1	0.8
	(Subcontracted) ⑦	344	154	54	552	1.7	0.8	0.3	2.7
	Home-based ⑧	8	25	16	49	0.0	0.1	0.1	0.2

Source: Statistics Korea, Supplementary Survey of the Economically Active Population Survey, August 2020, cited in Kim Yoo Sun, "Scale and Status of Non-regular Work," 2020.

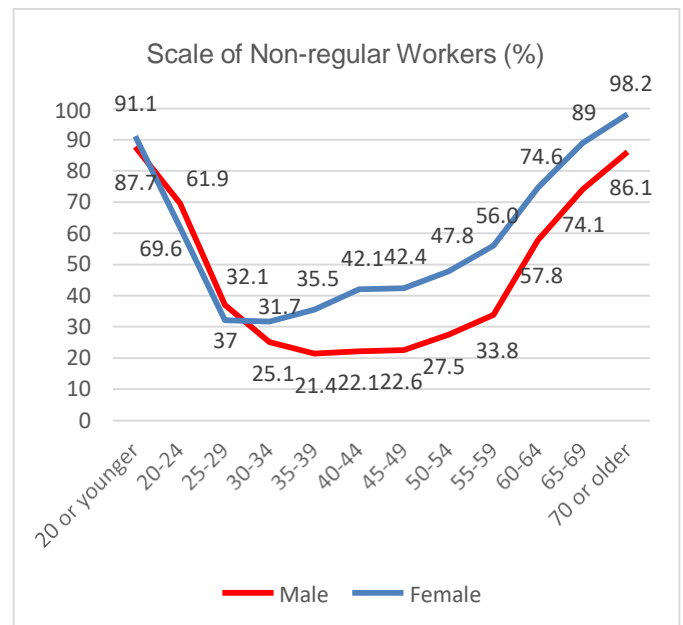
Second, according to Ministry of Employment and Labor data on the Employment Type Disclosure System applied to businesses with 300 or more employees, as of March 2019, 38.5% of workers in large businesses (1.87 million of 4.86 million) are employed on non-regular contracts. Of these 1.87 million non-regular workers, 990,000 (20.3% of the total of 4.86 million) are employed directly on fixed-term, part-time and other contracts, while 880,000 (18.1%) are employed indirectly on temporary agency, subcontracted and other contracts. Of the 1.36 million workers employed by the 10 largest family-owned conglomerates, or *chaebol*, 520,000 (38%) are non-regular workers, with 110,000 (8.2% of the total 1.36 million) employed directly and 410,000 (29.8%) indirectly. The numbers show that 4 in 10 workers are on non-regular contracts in large businesses, and that *chaebol* prefers indirect to direct employment for non-regular workers.

Third, 3.92 million (34.5%) of the total 11.36 million male workers are on non-regular contracts, while 4.58 million (50.5%) of the total 9.09 million female workers are on non-regular contracts. This means 1 in 3 men, and 1 in 2 women are non-regular workers.

By gender and age group, non-regular workers are more common in the younger and older generations for both genders. The share of non-regular workers for men shows a U-curve, hitting the bottom around 21-25% for those in their 30s and 40s, while the share for women increases as they get older, after hitting the bottom at 31% for those in their late 20s. Men up to the age of 20 show higher or similar shares of non-regular employment when compared to women in the same age group, whereas women hold a clearly higher share of non-regular employment for all groups aged 30 or older.

By level of education, non-regular employment is highest for those with lower secondary education or less (79.7%), followed by those with upper secondary education (51.8%), those with short-cycle tertiary education (31.2%), and those with bachelor's or higher degrees (24.2%). This shows that level of education is inversely proportional to share of non-regular employment. Still, 1 in 4 with bachelor's or higher degrees are non-regular workers.

**Figure 2. Shares of Non-regular Employment, by Gender and Age Group (2020, %)**



Source: Statistics Korea, Supplementary Survey of the Economically Active Population Survey, August 2020, cited in KIM Yoo Sun, "Scale and Status of Non-regular Work," 2020

Fourth, the gap in hourly wages between regular and non-regular workers widened between 2001 and 2010, with non-regular workers paid only 55.9% of the wages received by regular workers in 2001, and 48.3% in 2010. The gap then substantially narrowed by 2019, with non-regular workers paid 62.9% of the wages for regular workers. Likewise, the gap in monthly wages widened between 2001 (52.6%) and 2010 (46.9%), and then narrowed by 2019 (51.8%). Nonetheless, the gap remains substantial.

As of August 2020, monthly average wages for women (KRW 2.06 million) were 64.7% of those for men (KRW 3.18 million), and monthly average wages for non-regular workers (KRW 1.73 million) were 51.5% of those for regular workers (KRW 3.36 million). Male regular workers were paid KRW 3.73 million on average, while male non-regular workers were paid 57.2% of that (at KRW 2.13 million). Female regular workers received 73.5% of their male counterparts' wages (at KRW 2.74 million), and female non-regular workers 37.1% of what male regular workers received (at KRW 1.38 million). This illustrates that discrimination by employment type is more severe than gender discrimination, and that female non-regular workers suffer the most from both forms of discrimination.

Sixth, as of August 2020, wage workers had an average of 6.0 service years, which is very short when compared internationally. Regular workers had an average of 8.6 service years, with 13.8% working for less than 1 year and 33.2% for 10 years or more. Non-regular workers had an average of 2.3 service years, with 55.6% working for less than 1 year, and 5.7% for 10 years or more. This illustrates the serious employment insecurity for non-regular workers. Reasons for employment by employment type also point to the same trend. Employment for involuntary reasons accounts for 10.5% of regular workers and 44.4% of non-regular workers.



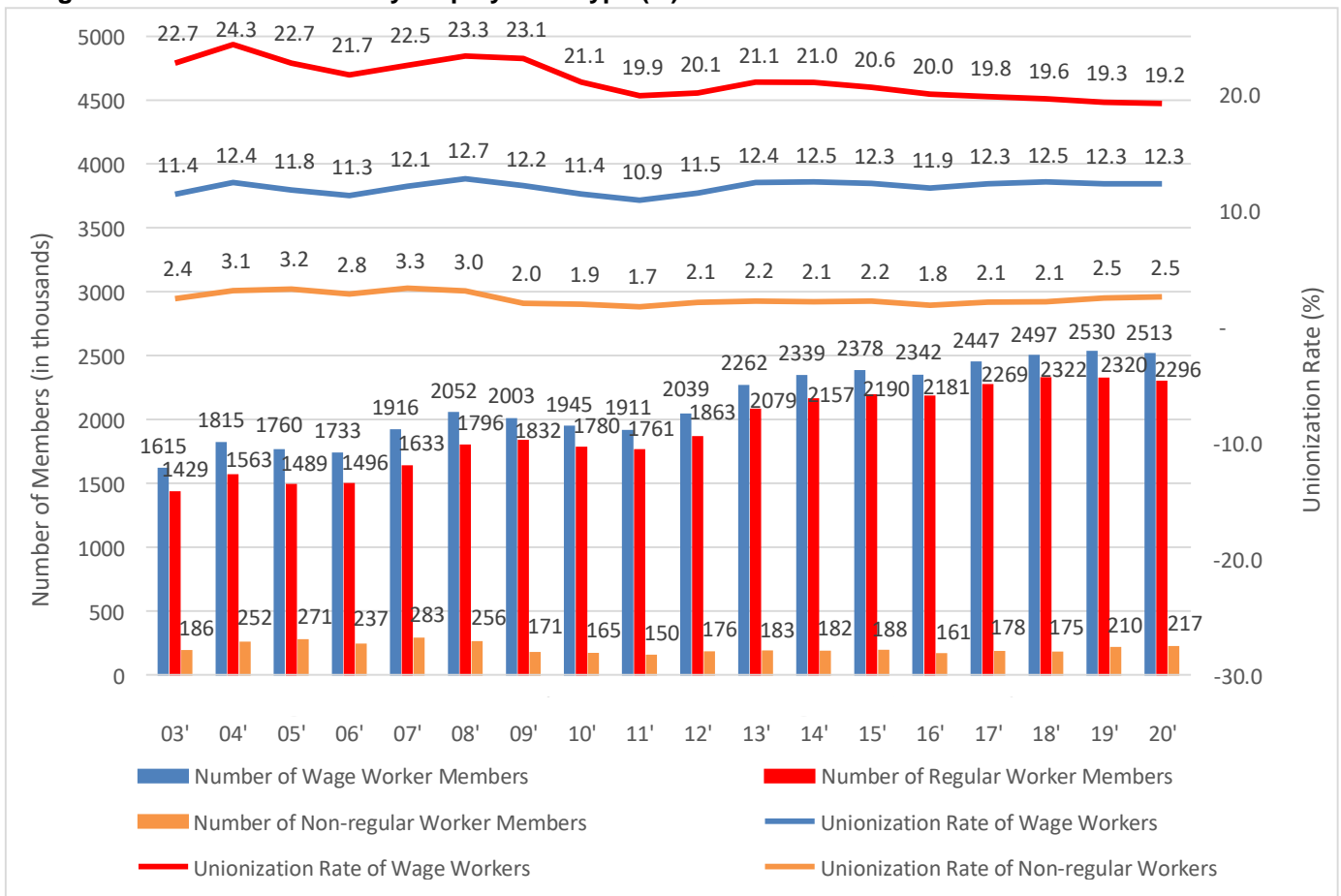
# Organization of Non-regular Workers by Trade Unions

Trade union membership in South Korea bottomed in 2011 at 1.91 million (10.9% of all wage workers), and then continued to increase to 2.51 million (12.3%) by 2020. Union membership among regular workers increased from 1.76 million in 2011 to 2.3 million in 2020, while their unionization rate decreased from 19.9% to 19.2% during the same period. Among non-regular workers, both union membership and unionization rate increased from 150,000 (1.7%) to 220,000 (2.5%).

One may ask whether the union membership among non-regular workers above is substantially underestimated. With the government policy of transitioning non-regular contracts to regular ones in the public sector, 200,000 workers who used to be indirectly employed on temporary agency or subcontractor contracts now have indefinite-term contracts, and many have been organized into unions.

The discrepancy between statistics and reality comes from the fact that Statistics Korea categorizes most workers on indefinite-term contracts as regular workers in estimating union membership. The picture is quite different from the statistics of the Korean Confederation of Trade Unions (KCTU), in which 310,000 of its 1.04 million members were non-regular workers as of late 2020. Considering the “missing” numbers in several industrial unions affiliated with the KCTU, non-regular workers in the national umbrella organization may amount to about 400,000. Many of these workers are on indefinite-term contracts, and are categorized as regular workers by Statistics Korea.

**Figure 3. Unionization Rate by Employment Type (%)**



Source: Statistics Korea, Supplementary Survey of the Economically Active Population Survey, August 2020, cited in KIM Yoo Sun, “Scale and Status of Non-regular Work,” 2020

Since the Asian financial crisis, both the KCTU and the Federation of Korean Trade Unions (FKTU) have focused on organizing non-regular workers. The competition for such organizing between Korea's two largest umbrella unions, as well as industrial unions, led to increased transition to regular contracts and union membership, despite some conflict.

A number of quasi-unions have also been organized, with different approaches to operation and activism from conventional unions. Notable examples include the Part-time Workers Union, the Youth Community Union, the Korea Replacement Drivers Cooperative, the Korea Senior Union, the Artists Social Union, and the Korea Musicians Union. Apart from unions, civil society organizations such as People's Solidarity for Participatory Democracy, and labor rights organizations such as the Korea Women Workers Association, the Korea Labor & Society Institute, the Korean Contingent Workers' Center, Workplace Gapjil 119, and labor rights centers funded by municipalities also support organization of non-regular workers. It is believed that these organizations have played mutually complementary and collaborative roles with conventional unions.

## Addressing the Issues in Non-regular Employment

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Issues in non-regular employment should be addressed by preventing discrimination and the abuse of non-regular contracts. With a legal and institutional focus, the following issues require urgent attention.

First, the Act on the Protection, etc. of Fixed-term and Part-time Employees has been in force since July 2007 to prevent abuse of fixed-term contracts. As of August 2020, however, 3.93 million (19.2%), or 1 in 5 workers are still employed on fixed-term contracts. This is because the Act mentioned above only restricts the length of fixed-term contracts to 2 years, and allows the employer to decide whether to extend the employment by granting regular employment status or terminating the employment relationship.

“Direct and regular employment for permanent and continuous positions and life- and safety-related jobs” was one of the election pledges in the 2017 presidential campaign. This led to the successful transition of 200,000 non-regular contracts to indefinite-term contracts in the public sector. The private sector, however, didn’t follow suit. To overcome the limitations, regular employment should be required for permanent and continuous positions and life- and safety-related jobs, and fixed-term employment should be legal only when justifiable reasons exist.

Second, current labor law defines “employee” and “employer” on the premise of traditional employment relations, and thus fails to reflect the increasingly diverse types of employment such as indirect, special types, and platform. The legal scope of “employee” and “employer” needs to be expanded so that the laws reflect the diverse types of employment and employers bear more responsibility.

More specifically, formally independent contractors, or the self-employed, should be regarded as employees if they are subject to a particular employer’s business, or offer labor for the continuous operation of the employer’s business for living. Exceptions can be granted in cases where an employer passes the “ABC test”<sup>1</sup> defined by the California Supreme Court to prove particular conditions.

In addition, employer status should be assumed, even if there is no employment contract, for an entity that exercises actual control or influence over the working conditions of workers such as wages and employment. The entity should also share responsibility for those working conditions.

Fourth, workers working fewer than 15 hours per week are not entitled to a weekly holiday, annual leave or severance pay, and are not covered by social insurances under current laws. This provides an incentive for employers to hire part-time workers and assign them fewer than 15 weekly working hours. Labor laws need to be reformed so that those workers are also entitled to weekly holidays, annual leave and severance pay in proportion to their working hours.

Fifth, only 36-46% of non-regular workers are covered by social insurances with their current employer. The social insurance system should be reformed so that all working people are covered. In addition, part-time workers working fewer than 15 hours per week should be guaranteed a minimum standard of living. Minimum levels of income can be guaranteed with the combination of livelihood benefits and earned income subsidy.

Sixth, under the current system, most collective bargaining takes place at the company level, and the gap in working conditions, including wages, will only widen between regular workers employed by large businesses and non-regular workers employed by micro-, small- and medium-sized businesses. Trade unions need to promote collective bargaining beyond company level that applies to diverse types of employment. Reforms should be made regarding expansion of collective agreement coverage in order to minimize the gap in working conditions, including wages, among workers.

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<sup>1</sup> According to the California Assembly Bill 5 (AB5), which took effect in January 2020, the ABC test is used to determine if a (platform) worker is an independent contractor or an employee.

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