

A Study on the Strategy of Labour Policy in Seoul

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Summary

To protect vulnerable workers in Seoul, the Seoul Metropolitan Government should campaign for “Abide by the Labor Law” and expand living wage program.

The first enactment of labor policy at a local government level

In 2011, the Seoul Metropolitan Government (SMG) set the goal of making the city “Special City Respecting Workers’ Rights.” To achieve this, the SMG has laid out various labor policies. They include ones advocating the creation of good jobs and the protection of workers’ rights.

Seoul has carried out various labor policies in pursuit of becoming a “Special City Respecting Workers’ Rights.” As such, the SMG has been exemplary in protecting workers’ rights over the past several years. From 2010 to 2014, pioneering labor policies and administrative systems were laid out. Namely, the SMG (1) converted temporary workers into the regular, (2) initiated Seoul New Deal, (3) invigorated the operation of Labor Welfare Center in autonomous districts, and (4) introduced Citizens’ Ombudsman Program for labor supervision. Through these works, Seoul actively spawned job opportunities and protected vulnerable workers’ rights. Furthermore, it legislated the ordinance on the Rights and Interests of Workers. It also formed a special team responsible for dealing with labor-related matters. It is called Labor Policy Division.

Seoul’s endeavor to promote a higher standard of living for workers did not stop there. The 6th office of Mayor has succeeded the 5th office in July 2014. It has then introduced a comprehensive package of labor policies. In detail, it has installed its

own living wage program. It has also set up the Center for the Rights and Interests of Workers. Moreover, it has launched the Committee for the Protection of Workers' Rights and Interests. Through these efforts, the SMG has made sure that vulnerable workers are not denied their rights and interests. From there, the government has taken few steps further: First, it has come up with Basic Plan for Labor Policy. Next it has set up the Employment and Labor Bureau.

Despite all these accomplishments, the SMG still faces institutional limitations that every local government has. That is, it is not entitled to supervise working conditions. Moreover, it does not have the authority to prescribe nor amend labor laws. This thwarts the adequate protection of vulnerable employees. In order to surmount these challenges, a new policy must be introduced.

2. Main Findings

Seoul strives to be the leader in creating quality Jobs

SMG has turned over 70,000 non-regular workers in the public sector into the regular in 2012. SMG has converted 1,369 of its directly-employed¹⁶, temporary workers into unlimited contract employees (deemed as regular workers). Among them were short-term contract laborers. Since 2013, the government has regularized the status of 5,953 indirectly-hired, temporary employees (e.g. janitorial staffs, caretakers, facility managers). The conversion will continue till 2017. In summary, total number of 7,322 temporary laborers who are engaged in “constant and continuous work” have been converted into regular employees.

Regularizing the status of temporary workers can make a striking improvement in

¹⁶ A directly-employed worker (also called a direct employee) refers to an employee who is directly involved in the government administration and work associated with the provision of public service to Seoul citizens. An indirectly-employed worker (also called an indirect employee), on the other hand, refers to one that is hired through a third party (e.g. agency) to provide contracted-out services.

SMG's employment structure. Compared to 2010, the number of regular workers at the SMG has jumped by 351.1 percent in 2014. In the meantime, the number of indirectly-hired temporary workers has dropped by 77.3 percent relative to in 2012. No other local governments in Korea have achieved such remarkable improvements.

[Table 1] Changes in the No. of Unlimited Contract Workers at Major Local Governments

	2010(a)	2011	2012	2013	2014(b)	(b)-(a)	Rate of Change (%)
Seoul	354	354	686	1,119	1,597	1,243	351.1
Busan	651	654	654	641	641	-10	-1.5
Daegu	391	389	374	386	397	6	1.5
Incheon	295	296	290	325	334	39	13.2
Gwangju	321	326	377	380	383	62	19.3
Daejeon	217	211	209	216	219	2	0.9
Gyeonggi	366	366	396	400	415	49	13.4

Source: Nam, Ugeun. *The Current Status of Bad Jobs at Local Governments and Challenges to Overcome* (2014)

[Table 2] Changes in the No. of Indirectly Employed Workers Employees of Major Local Governments

	2010(a)	2011	2012	2013	2014(b)	(b)-(a)	Rate of Change (%)
Seoul	-	-	1,052	717	239	-813	-77.3
Busan	142	142	142	153	153	11	7.7
Daegu	181	191	196	239	251	70	38.7
Incheon	371	419	400	476	502	131	35.3
Gwangju	85	85	85	87	87	2	2.4
Daejeon	78	78	79	79	79	1	1.3
Gyeonggi	205	218	239	256	274	69	33.7

Source: Nam, Ugeun. *The Current Status of Bad Jobs at Local Governments and Challenges to Overcome* (2014)

SMG has installed its own living wage program

As the first metropolitan government in Korea, the SMG adopted a living wage program in 2015. Such a decision was made in pursuit of helping the citizens to make decent lives. It was also expected to be conducive to eliminating income inequality. In 2016, Seoul has applied an hourly wage of 7,145 Won (equivalent to 1,493,305 Won per month) to the calculation of living wage. This amount is 18.5 percent point higher than the minimum wage (6,030 Won an hour). At present, the living wage is only paid to workers directly hired by the SMG. Needless to say, it should be made available for indirectly hired employees (i.e. contracted-out and service contract workers). Furthermore, the program needs to embrace employees in the private sector as well.

SMG has laid the groundwork to protect workers' rights

Seoul has established institutional framework for labor policy. It has done so by passing the ordinance on the Rights and Interests of Workers. The ordinance stipulates the protection and enhancement of workers' rights. It also admonishes employers to comply with minimum wage regulations to protect workers' dignity. Furthermore, it urges the market to take responsibility in improving working environments. In addition, the ordinance demands for the preparation and implementation of the Basic Plan for Labor Policy. Moreover, it mandates education on workers' rights. Last but not least, it requires administrative and financial support for labor welfare.

To protect workers' rights, Seoul has set up the Center for the Rights and Interest of Workers in 2015. It has been operating Labor Welfare Center in four autonomous districts. They are all committed to assist workers in blind spots. Their services include consultation on issues related to labor laws and the provision of legal aids. They also make sure that employers abide by the labor laws. As explained earlier,

the SMG does not have the authority to conduct labor supervision. As a solution, it has installed the so-called Citizens' Ombudsman Program in its autonomous district governments. According to the program, one person at each district, total of 25 honorable labor supervisors, monitors the progress of the program.

New Employment, Labor Bureau and Labor Policy Division

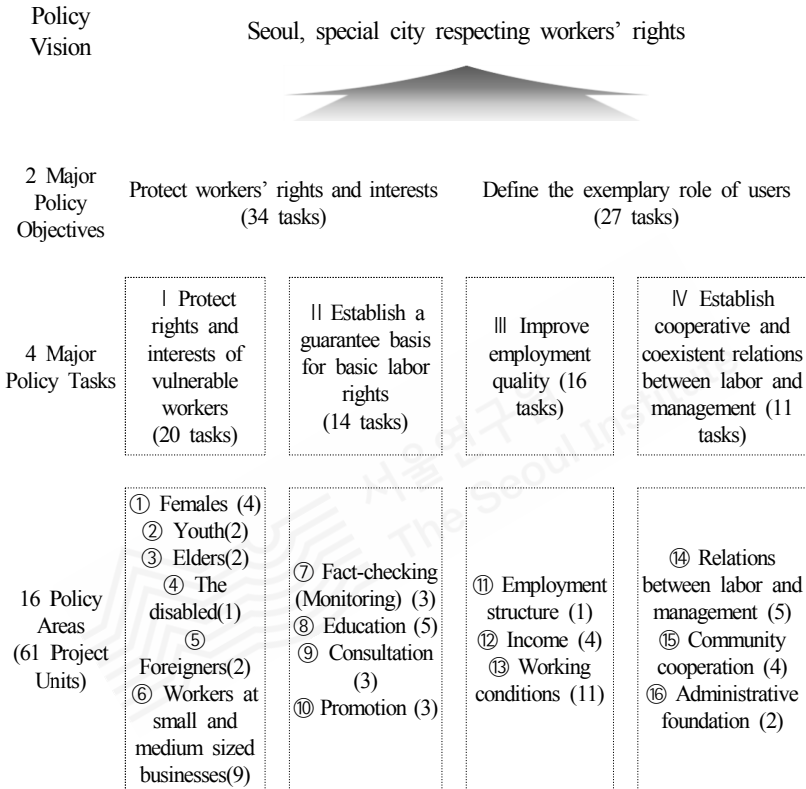
In September 2012, the SMG has formed a special team called Labor Policy Division. Its central task is to deal with labor policy. SMG is the first local government that has done such a job. In February 2016, the government detached the Job Planning Team from the Economic Promotion Office. Then, it turned it into a new office called Employment and Labor Bureau. By doing so, it has established an independent administrative body to handle issues related to employment and labor policy.

Establishing the foundation for systematic implementation of labor policy

In April 2015, the SMG has introduced Basic Plan for Labor Policy. It has been prepared in accordance with the ordinance on the Rights and Interests of Workers. The plan also conforms to the vision of "Seoul, Special City Respecting Workers' Rights." In this light, it lays out 61 projects for 16 policy areas. They all aim to achieve the following four policy objectives: (1) the protection of vulnerable workers, (2) the establishment of a guarantee basis for basic labor rights, (3) the improvement of employment quality, and (4) the promotion of cooperative and coexistent relations between labor and management.

Furthermore, it lists five central projects for administrative efficacy. Each aims to bolster job security (by converting the temporary into the regular); to guarantee a moderate wage (with the living wage program); to improve the quality of workers' life (by reducing working hours); to ensure labor safety; and to establish respectful

relations between employees and employers (through involving workers in management)



[Figure 1] SMG's Plan for Labor Policy

Limitations in Protecting the Interests and Rights of Vulnerable Workers in the Private Sector

Only the vulnerable workers in the public sector are enjoying the positive changes. Thus, not every temporary worker is eligible for being converted into the regular. Only those who are either directly employed by the SMG or engaged in service works

(e.g. cleaning, facility maintenance, care taking) have been regularized so far. Seoul has yet to come up with a solution for how to regularize contracted-out workers. Meanwhile, there still exists job insecurity in social service sector.

The same is true of Seoul's living wage program. Only directly-hired workers can enjoy the benefit at the moment. In other words, the living wage is not paid to indirectly-employed laborers (i.e. the contracted-out, service contractors). In addition, the SMG still has not come up with a plan to propagate the living wage program in the private sector.

Importantly, local governments are not empowered to supervise labor conditions in Korea.

SMG does not have the authority to supervise working environments. As a result, it cannot fully protect vulnerable workers in the private sector. Yet such a problem can be overcome. This requires cooperation with the right authority - that is, the Seoul Regional Ministry of Employment and Labor. However, collaboration with the aforesaid Ministry is rather impossible given a shortage of administrative officials at the SMG.

In the meantime, the importance of heightening the public awareness of labor rights is belittled. The general public (including users and laborers) should be educated about such matters. This is the prerequisite for protecting vulnerable workers' rights and interests. In spite of its significance, the SMG has not paid enough attention to it.

3. Conclusions & Policy Recommendations

Seoul ought to select core project areas, while devising comprehensive and systematic labor policy

SMG needs to promote policies that help create good jobs. The government has

already successfully regularized the status of non-regular workers in its direct employment sector. As a follow-up, it should set appropriate standards and principles for contracted-out workers. By doing so, it can bolster job security.

At the same time, the SMG ought to launch strategic projects to protect vulnerable workers. In particular, one that promotes their rights, interests, and welfare. This requires the followings: First, paying the living wages to a wider range of workers. Currently, the SMG pays the living wage to directly-hired workers only. It should find a way to offer the benefit to contracted-out workers. Surely it also needs to induce private companies to pay their workers the living wages. Second, setting up the Social Service Foundation (given name is tentative). Then, currently ill-treated social service workers are to be hired there. This will improve the conditions of their employment. Better treated social service workers will then provide better welfare services to the public.

Lastly, Seoul is to eradicate blind spots of labor laws. Running a strategical campaign can help achieve this goal. The campaign may be titled “Labor Law Abiding Seoul.” To yield the best outcome, the SMG needs to cooperate with related parties - the Seoul Regional Ministry of Employment and Labor, labor unions, the business world, and related social groups.

Seoul ought to convert temporary employees into regular workers in both public and private sectors to expand the scope of beneficiaries of labor policy

For starters, the SMG should find a way to secure the employment of contracted-out workers. This requires establishing appropriate standards and principles. Next, the government needs to adopt some changes in its public supply system (i.e. the government contract system). It is necessary to promote better employment on behalf of workers in the private sector. As one way to do it, the SMG may give additional incentives to bind companies to protect workers’ rights. For example, a firm that changes its employment structure in favor of their employees is to earn incentives. At the same time, the government should

encourage private companies to create good jobs. It is to do so through the public supply system. For instance, it may urge bidding companies to set their minimum labor costs at the moderate wage (or the living wage) set by the SMG.

Last but not least, the SMG ought to address labor-related issues of temporary workers. At the moment, both national and local governments are operating various one-to-one services (e.g. visiting nurse care, consultation, medical care assistance). Similar services are also offered by 25 autonomous district governments. Non-regular workers are main providers of said services. They need to be converted into the regular.

SMG should stringently monitor the regularization process of temporary workers, never ceasing to improve labor conditions

The SMG has announced that it will continue to gradually convert non-regular workers into regular employees until 2017. This asks for tight monitoring. For starters, new employees who are to be engaged in constant and continuous work should be hired as unlimited contract workers (i.e. regular workers). Next, newly converted employees should by no means experience discrimination. They must be treated as equally as existing regular workers. SMG ought to thoroughly monitor these.

SMG should expand the scope of beneficiaries of the living wage program

Above all, Seoul ought to examine the appropriateness of the current living wage program. It accounts for 52 percent of the average household expenditure in Seoul. Though it seems acceptable, the SMG ought to pull the living wage up to 60 percent of median income - a poverty baseline of advanced communities including the European Union.

SMG also needs to devise a strategic plan to promote the living wage program in the private sector. First of all, it ought to target the following two sectors: One is the

indirect employment sector (i.e. contracted-out workers and service contractors). Another is consisted of private firms participating in the bid for the city's public supply. In order to achieve such a goal, the SMG should consider the followings: (1) applying the living wage to calculation of unit labor cost of indirectly-hired workers, (2) introducing new rule in the public supply guideline to give extra points to bidding companies that adopt the living wage program, (3) adding a new article mandating the adherence to the living wage program in "Special Conditions of the Public Supply Contract," and (4) making agreement with major private companies in Seoul to pay the living wage.

SMG should set up Labor Welfare Center in all 25 autonomous district governments

Labor Welfare Center provides services for vulnerable workers in order to promote their interests. Its services include consultation on labor-related issues, legal assistance, welfare support, and education. At present, only four autonomous districts own Labor Welfare Center. The center should be set up in all the 25 districts. And Seoul is to establish Social Service Foundation to guarantee job security and rights of social service workers. SMG should establish a Social Service Foundation (given name is tentative). And then, current social service workers are to be hired there as regular employees. This can secure the employment of those workers. Surely, their labor rights can be better protected. They are, in turn, expected to provide better welfare services to the public.

Organize "Labor Law Abiding Seoul" campaign for Workers in the Blind Spot

Through such a campaign, Seoul should build a social consensus about the protection of basic labor rights. SMG should organize a campaign for workers in blind zones. In such a zone, they are usually neglected by labor laws. The campaign

can be named “Labor Law Abiding Seoul.” It should aim to bring actual changes to the working conditions of vulnerable workers. It will serve as an effective tool for realizing the city’s vision - “Seoul, Special City Respecting Workers’ Rights.”

The movement is to have five slogans as follows: “Seoul avoiding overdue wages”, “Seoul making employment contracts”, “Seoul respecting the minimum wage”, “Seoul not tolerating sexual harassment”, and “Seoul following the Occupational Safety Act.” For the efficacy of campaign, the SMG is to form an open campaign promotion board. The city government ought to accept free participation of related parties in the campaign. Besides the SMG, the stakeholders are namely, employers from industries, local labor unions and NGOs, the Seoul Regional Ministry of Employment and Labor, and the Seoul Ministry of Education. At the heart of the organization, should be the Seoul Committee for Civilian Relations between Labor and Management.

Seoul should come up with detailed campaign strategies for each region and industry. The campaign needs to reflect the unique characteristics of labor environment of each region within Seoul. In other words, it should be designed to represent special features of places like Seoul Digital Complex, urban manufacturing areas, and restaurant-concentrated regions. Simultaneously, the campaign should factor in the characteristics of its targets. While running the campaign, the SMG ought to make agreement with employers and related unions. The process must take into account special qualities of workers (e.g. resident caretakers, young part-timers, employees at megastores, janitorial staffs, artists).

Also, the cooperation with the Seoul Regional Ministry of Employment and Labor is crucial. As mentioned earlier, the Seoul Regional Ministry of Employment and Labor has the authority to supervise labor conditions. SMG should collaborate with the ministry amid the campaign. Next, it ought to run a special center to where workers can file a complaint when labor laws are violated. At the same time it needs to execute a certification system to certify companies that abide by labor laws and regulations. Lastly the SMG is to introduce Citizens’ Ombudsman Program (or Citizens’ Labor Supervision Program). This will greatly support the labor supervision of the Ministry.

[Table 3] SMG's Labor Policy

A. Ensure the Efficacy of Labor Policy

- 1) Establish a system to monitor the regularization of temporary workers and the improvement of converted employees' treatment
- 2) Devise a solution to tackle labor-related issues of temporary workers engaged in governmental 1:1 services (operated by both state and local governments as well as 25 autonomous districts)
- 3) Improve the employment structure of temporary, contracted-out worker
- 4) Launch financial and administrative plans for labor policy
- 5) Develop the current project on improving the employment structure by amending the city's public supply (contract) system
- 6) Prepare a plan for how to connect Seoul New Deal Jobs Project with the private sector; to cut working hours; and to raise the pay
- 7) Redefine the role and work of New Deal Job managers, while bolstering the tie between the project and actual employment

B. Ensure the Efficacy of Labor Policy

- 1) Introduce a policy to protect social service workers' rights: Set up Social Service Foundation (tentative name)
- 2) Devise an action plan for increasing the living wage and expanding the scope of beneficiaries to contracted-out workers and service contractors
- 3) Establish and operate Labor Welfare Center in every 25 autonomous district
- 4) Strengthen the cooperation between the Center for the Rights and Interest of Workers and Labor Welfare Center, and among related groups
- 5) Invigorate the Citizens' Ombudsman Program and link its activity with that of Labor Welfare Center
- 6) Revise the adoption of Citizens' Labor Supervision Program

C. Establish a Governance System to Manage Relations between Labor and Management

- 1) Activate the operation of Seoul Committee for Civilian Relations between Labor and Management
- 2) Turn the Committee into an investment institution, allowing the participation of a wider range of parties and bolstering the committee's function to negotiate public policy agendas

D. Improve the Administrative System for Labor Policy

- 1) Set up Employment and Labor Bureau as a body responsible for handling labor and employment issues, then specify its works
- 2) Operate and manage the Consultative Group for Labor Administration with affiliated organizations and autonomous districts
- 3) Form a task force team responsible for education on labor-related matters
- 4) Consolidate the education on labor-related issues for public officials

E. Run a Strategic Project

- 1) Organize "Labor Law Abiding Seoul" campaign (tentative name)