

# Mind the gap: South Korea: Employer perspectives

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## INTRODUCTION

In this paper, we'll show information about South Korean employers' human resource practices, policies, and programs that affect quality of employment in the country context. We'll discuss how workplace-based resources for each of the eight dimensions of quality of employment vary by industrial sector and company size in South Korea.

Data were drawn from the Workplace Panel Survey, which was conducted by the Korea Labor Institute in 2005. This survey aimed to understand the employment structure and labor demand within workplaces and to assess the human resource management systems of companies in order to prepare a suitable labor supply system in South Korea.

Organizations wanting to remain employers of choice must periodically assess how shifts in the business environment might affect the effectiveness of their talent management strategies, policies, and programs. Globalization and changes in the age composition of the workforce are two important 21st-century trends that can have a significant impact on the need to customize and adjust core strategies and practices. Employers around the world are challenged by the need to establish talent management policies and practices that they are globally strategic and also relevant to specific country contexts. Forward-thinking employers are considering:

- How might shifts in the economic structure and age composition of the workforces in different countries affect the next generation of human resource policies and practices?
- And, how might these policies and practices support the sustainability of great places to work?

### *What does "mind the gap" mean?*

Train stations across England play recorded messages to remind passengers that they should "mind the gap." These words of caution urge train travelers to pay attention to the space between the door of the train car and the platform in the station.

For this series of our research publications, we have adopted the phrase, "Mind the Gap." The Mind the Gap series aims to remind employers to pay attention to any gaps that might exist between employee priorities and needs and employer allocation of workplace-based resources. Our Mind the Gap papers also aim to help our readers to understand such gaps in quality of employment in various country contexts.

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The Sloan Center on Aging & Work in Boston, in collaboration with the Middlesex University Business School in London, created the Mind the Gap series to provide employers with basic employment-related information country-by-country. There are two types of papers in the Mind the Gap series.

**Employee Series:** This series examines the perspectives that adults of different ages have about employment and the assessments that they make about their employment experiences. These papers focus on one central question:

- Does age affect employees' preferences for an idealized job and their assessments of their employment experiences?

**Employer Series:** This series examines the prevalence of human resource policies and programs at workplaces in a selected country. Because most talent management strategies and programs are age-neutral, we compare the availability of selected human resource policies in practices in the targeted country with the availability of similar policies and practices in a small number of countries with approximate economic circumstances. These papers focus on one core question:

- How does the availability of human resource policies and programs in the targeted country compare with other countries?

Although papers in both series focus on a single country, when the information contained in two or more papers are considered in tandem, it is possible to consider whether employees' perceptions of their employment experiences vary from country to country.

## Quality of Employment: Dimensions of a “Good Job” and a “Good Place to Work”

Most people would agree that “good jobs” are a “good thing.” High quality jobs offer benefits to employees and to the organizations where they work.



- **Benefits for Employees:** The quality of employment affects the health and well-being of employees. Research confirms that poor-quality jobs (such as jobs requiring extreme work hours and jobs that are very demanding—particularly those where employees do not have access to the resources they need to meet those demands) are associated with negative outcomes, including high stress levels and physiological reactions such as cardio-vascular problems.<sup>1</sup>
- **Benefits for Employers:** Employers often connect the quality of employment they offer to employees with their employer-of-choice strategies. There is some evidence that the adoption of policies and practices that promote the quality of employment available to employees is related to positive outcomes for organizations, such as customer satisfaction and organizational performance.<sup>2</sup> Employer-of-choice strategies can result in enhanced employee engagement, which, in turn, can be linked to organizational outcomes, including financial measures. For example, higher employee engagement can reduce costs, such as those associated with unwanted turnover. One study found that 59% of highly engaged employees report that they intend to stay with their employers, in comparison to the 24% of disengaged employees who “intend to stay.”<sup>3</sup> A number of studies have linked employee job satisfaction with positive performance indicators. Fortune reports positive relationships between being recognized as a “great place to work” and stock indices.<sup>4,5</sup>

The Global Institute focuses on eight important dimensions of the quality of employment:

- Fair, Attractive, and Competitive Compensation & Benefits
- Opportunities for Development, Learning & Advancement
- Wellness, Health & Safety Protections
- Opportunities for Meaningful Work
- Provisions for Employment Security & Predictabilities
- Workplace Flexibility
- Culture of Respect, Inclusion & Equity
- Promotion of Constructive Relationships at the Workplace

The following sections of this paper use the quality-of-employment framework as a structure to discuss the perspectives of employers about their employment situations.

## QUALITY EMPLOYMENT IN SOUTH KOREA:

### Indicators of Fair, Attractive and Competitive Compensation & Benefits

- *Compensation and benefits meet most of employees' basic economic needs, and those are distributed in a fair and equitable manner.*

About 10.8% of employers in South Korea report that they have introduced a “choice-based welfare system.”<sup>6</sup>

- By *industrial sector*, a choice-based welfare system is more likely to be made available in the utilities (electricity, gas, and water supply) sector (32.3%) and the repair and other personal services sector (25.0%) than in other industrial sectors. It is not offered at all in the accommodation and food services sector (0.0%).<sup>7</sup>
- By *company size*, employers with 1,000 or more employees (25.7%) are substantially more likely to report that they offer choice-based welfare systems than do employers with 500–999 employees (10.0%), 300–499 employees (13.4%), 100–299 employees (10.8%), 50–99 employees (8.1%), or fewer than 50 employees (5.0%).<sup>7</sup>

About 47.9% of employers in South Korea report that they provide financial support for their employees' housing costs as part of their welfare benefits.

- By *industrial sector*, such financial support is more likely to be provided in the finance and insurance (85.7%) sector and the utilities (electricity, gas, and water supply) sector (74.2%) than in other industrial sectors. It is provided least in the education services sector (12.9%) and the repair and other personal services sector (17.3%).<sup>7</sup>
- By *company size*, generally, the larger companies are more likely to report that they provide financial support for their employees' housing costs. For instance, 79.6% of employers with 1,000 or more employees, 58.1% of those with 500–999 employees, 36.5% of those with 50–99 employees, and 36.8% of those with fewer than 50 employees report that they support housing costs for their employees.<sup>7</sup>

About 64.3% of employers in South Korea report that the wage increases of their managerial-level employees are influenced by the results of performance appraisals.

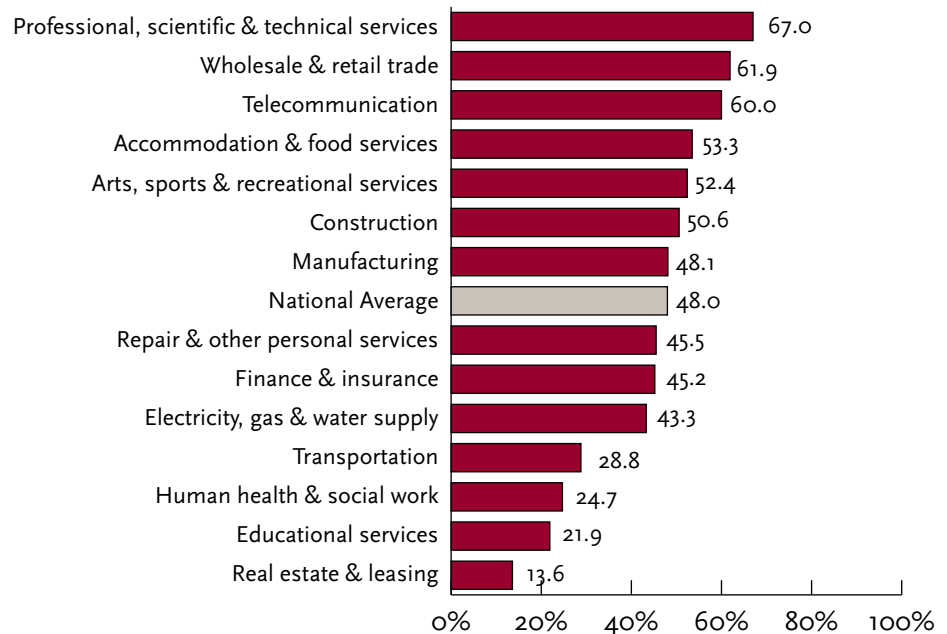
- By *industrial sector*, such performance-related pay increases for managerial employees are more likely to be made available in the telecommunication sector (80.0%), the accommodation and food services sector (76.7%), the wholesale and retail trade sector (73.3%), and the manufacturing sector (72.3%) than in other industrial sectors. They are implemented least in the education services sector (28.8%) and the human health and social work sector (25.8%).<sup>7</sup>
- By *company size*, employers with 100–299 employees (66.8%) are the most likely to report that they have introduced performance-related pay increases for managerial employees compared to all other groups.<sup>7</sup>



As indicated in Figure 1, about 48.0% of employers in South Korea report that the wage increases of their nonmanagerial employees are influenced by the results of performance appraisals.

By *industrial sector*, such performance-related pay increases for nonmanagerial employees are more likely to be made available in the professional, scientific, and technical services sector (67.0%); the wholesale and retail trade sector (61.9%); and the telecommunication sector (60.0%) than in other industrial sectors. They are offered least in the real estate and leasing sector (13.6%) and the education services sector (21.9%).

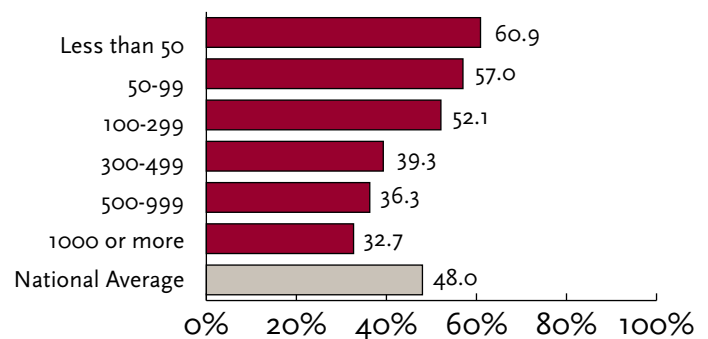
Figure 1: Percent Employers Introducing Performance-related Pay Increases for Nonmanagerial Employees (by industrial sector)



Source: Lee, 2009, from 2005 Workplace Panel Survey

By *company size*, as shown in Figure 2, it is clear that the smaller companies are more likely to report that wage increases of their nonmanagerial employees are influenced by the results of performance appraisals. For instance, 60.9% of employers with fewer than 50 employees, 57.0% of those with 50–99 employees, 36.3% of those with 500–999 employees, and 32.7% of those with 1,000 or more employees report that they have introduced performance-related pay increases for nonmanagerial employees.

Figure 2: Percent Employers Introducing Performance-related Pay Increases for Nonmanagerial Employees (by company size)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

## Indicators of Opportunities for Development, Learning & Advancement

- *Opportunities for the development and advancement of job skills and knowledge are made available in an accessible manner.*

About 39.6% of employers in South Korea report that they offer financial support for their employees' self-improvement, including tuition for education.

- By *industrial sector*, such support is more likely to be offered in the finance and insurance sector (73.8%) and the utilities (electricity, gas, and water supply) sector (67.7%) than in other industrial sectors. It is offered least in the transportation sector (20.8%).<sup>7</sup>
- By *company size*, generally, the larger companies are more likely to report that they offer self-improvement support. For instance, 71.9 % of employers with 1,000 or more employees, 46.2% of employers with 500–999 employees, 30.1% of employers with 50–99 employees, and 23.7% of employers with fewer than 50 employees report that they offer financial support for self-improvement.<sup>7</sup>

About 24.7% of employers in South Korea report that they implement official programs to develop the personal careers of their employees.

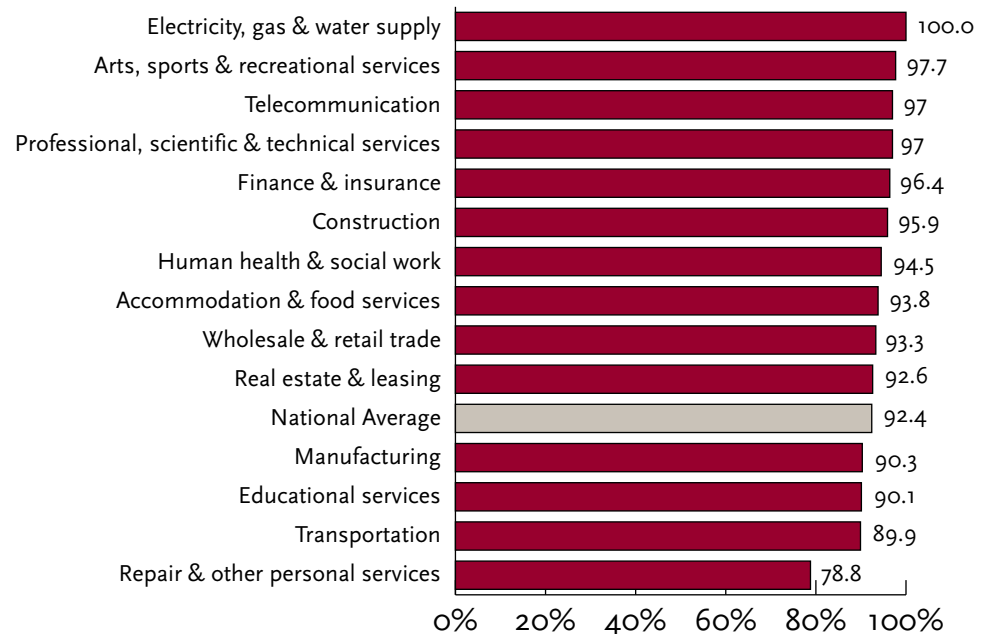
- By *industrial sector*, such opportunities are more likely to be available in the finance and insurance sector (46.4%) and the utilities (electricity, gas, and water supply) sector (45.2%) than in other industrial sectors. They are offered least in the transportation sector (11.3%).<sup>7</sup>
- By *company size*, generally, the larger companies are more likely to report that they offer career development programs. For instance, 49.7 % of employers with 1,000 or more employees, 37.1% of employers with 500–999 employees, 14.5% of employers with 50–99 employees, and 12.0% of employers with fewer than 50 employees report that they offer career development programs.<sup>7</sup>



As shown in Figure 3, about 92.4% of employers in South Korea report that they offer training for the development of employees' job capabilities.

By *industrial sector*, training opportunities are more likely to be available in the utilities (electricity, gas, and water supply) sector (100.0%); the arts, sports, and recreation services sector (97.7%); the telecommunication sector (97.0%); and the professional, scientific, and technical services sector (97.0%) than in other industrial sectors. They are available least in the repair and other personal services sector (78.8%).

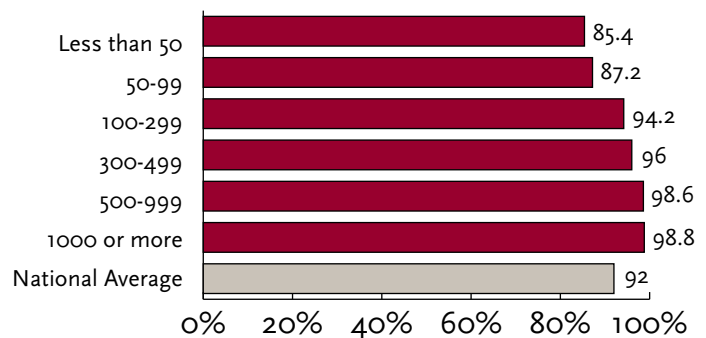
Figure 3: Percent Employers Offering Training Opportunities (by industrial sector)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

By *company size*, as suggested by Figure 4, the larger companies are more likely to report that they offer training opportunities for their employees. For instance, 98.8 % of employers with 1,000 or more employees, 98.6% of employers with 500–999 employees, 87.2% of employers with 50–99 employees, and 85.4% of employers with fewer than 50 employees report that they offer training opportunities.

Figure 4: Percent Employers Offering Training Opportunities (by company size)



Source: Lee, 2009, from the 2005 Workplace Panel Survey



## Indicators of Wellness, Health & Safety Protections

- *Safety, health, and well-being of employees are promoted through workplace policies, and social protections are offered in case of injury or illness.*

About 59.1% of employers in South Korea report that they provide financial support for their employees' recreational expenses, including using gyms or workout areas.

- By *industrial sector*, such financial support is more likely to be provided in the utilities (electricity, gas, and water supply) sector (87.1%) and the accommodation and food services sector (78.1%) than in other industrial sectors. It is provided least in the construction sector (32.7%).<sup>7</sup>
- By *company size*, generally, the larger companies are more likely to report that they provide financial support for their employees' recreational expenses. For instance, 80.8% of employers with 1,000 or more employees, 71.0% of those with 500–999 employees, 44.3% of those with 50–99 employees, and 41.2 % of those with fewer than 50 employees report that they support recreational expenses.<sup>7</sup>

About 70.8% of employers in South Korea report that, in all possible cases, they reinstate employees who are injured or fall ill from industrial accidents.

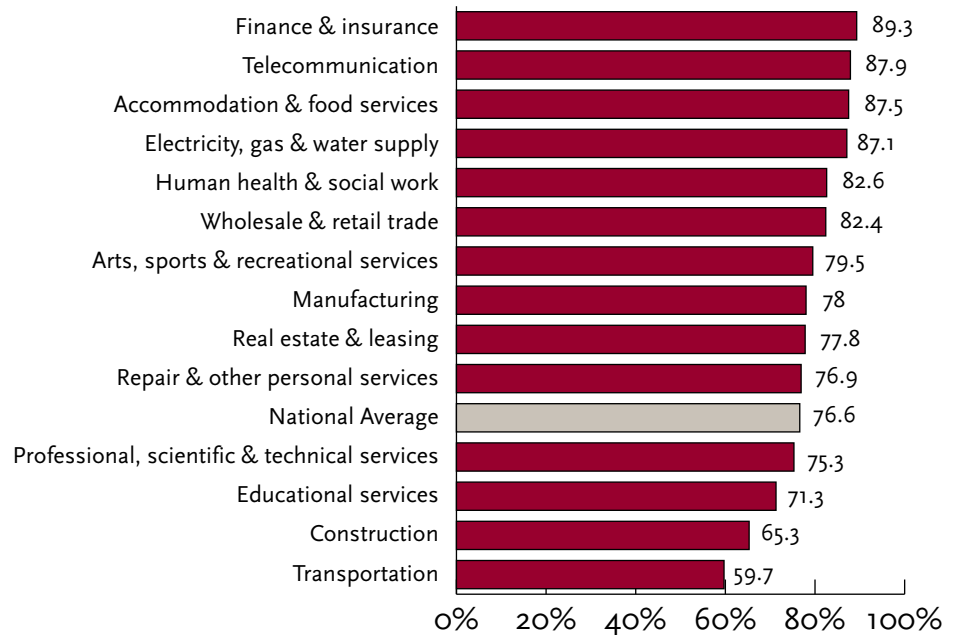
- By *industrial sector*, , such reinstatement for injured employees is more likely to be provided in the repair and other personal services sector (86.7%), the human health and social work sector (87.1%), and the accommodation and food services sector (81.8%) than in other industrial sectors. It is provided least in the utilities (electricity, gas, and water supply), the construction, and the telecommunication sectors, respectively (50% for all three sectors).<sup>7</sup>
- By *company size*, employers with 1,000 or more employees (77.3%) are the most likely to report that they reinstate employees who are injured or fall ill from industrial accidents than are any other groups.<sup>7</sup>



As indicated in Figure 5, about 76.6% of employers in South Korea report that they provide financial support for their employees' health-care expenses.

By *industrial sector*, such financial support is more likely to be provided in the finance and insurance sector (89.3%), the telecommunication sector (87.9%), the accommodation and food services sector (87.5%), and the utilities (electricity, gas, and water supply) sector (87.1%) than in other industrial sectors. It is provided least in the transportation sector (59.7%) and the construction sector (65.3%).

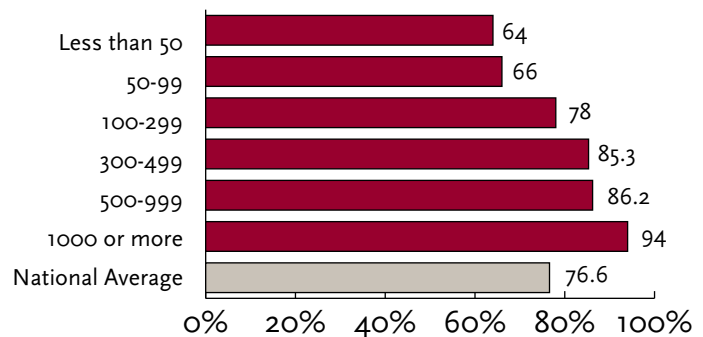
Figure 5: Percent Employers Supporting Health-care Expenses (by industrial sector)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

By *company size*, as suggested by Figure 6, it is clear that the larger companies are more likely to report that they provide financial support for their employees' health-care expenses. For instance, 94.0% of employers with 1,000 or more employees, 86.2% of those with 500–999 employees, 66.0% of those with 50–99 employees, and 64.0% of those with fewer than 50 employees report that they support health-care expenses for their employees.

Figure 6: Percent Employers Supporting Health-care Expenses (by company size)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

## Indicators of Opportunities for Meaningful Work

- *Meaningfulness and fulfilling nature in employment are promoted at workplace.*

About 20.9% of employers in South Korea report that they provide their employees with counseling services that include grievance counseling, marriage counseling, family counseling, and so on.

- By *industrial sector*, such counseling services are more likely to be provided in the manufacturing sector (25.3%), the accommodation and food services sector (25.0%), and the transportation sector (24.5%) than in other industrial sectors. They are offered least in the utilities (electricity, gas, and water supply) sector (9.7%).<sup>7</sup>
- By *company size*, clearly, the larger companies are more likely to report that they provide counseling services which include grievance counseling, marriage counseling, family counseling, and so on. For instance, 38.9% of employers with 1,000 or more employees, 30.5% of those with 500–999 employees, 12.5% of those with 50–99 employees, and 10.2 % of those with fewer than 50 employees report that they provide counseling services for their employees.<sup>7</sup>

Only 7.9% of employers in South Korea report that they have implemented dependent-care leave, which aims to support employees' better work-family balance and to help increase work motivation through physical and mental rejuvenation.

- By *industrial sector*, dependent-care leave is more likely to be made available in the finance and insurance sector (23.8%) and the arts, sports, and recreation services sector (15.9%) than in other industrial sectors. It is available least in the construction sector (1.0%) and the repair and other personal services sector (1.9%).<sup>7</sup>
- By *company size*, generally, the larger companies are more likely to report that they have implemented dependent-care leave. For instance, 25.1% of employers with 1,000 or more employees, and 10.0% of those with 500–999 employees report that they have made available such dependent-care leave, while 5.3% of those with 50–99 employees and 2.9% of those with fewer than 50 employees report that they have done so.<sup>7</sup>

About 42.6% of employers in South Korea report that they implement a regular job rotation program to enable employees to perform multiple functions and gain different types of experience.<sup>8</sup>

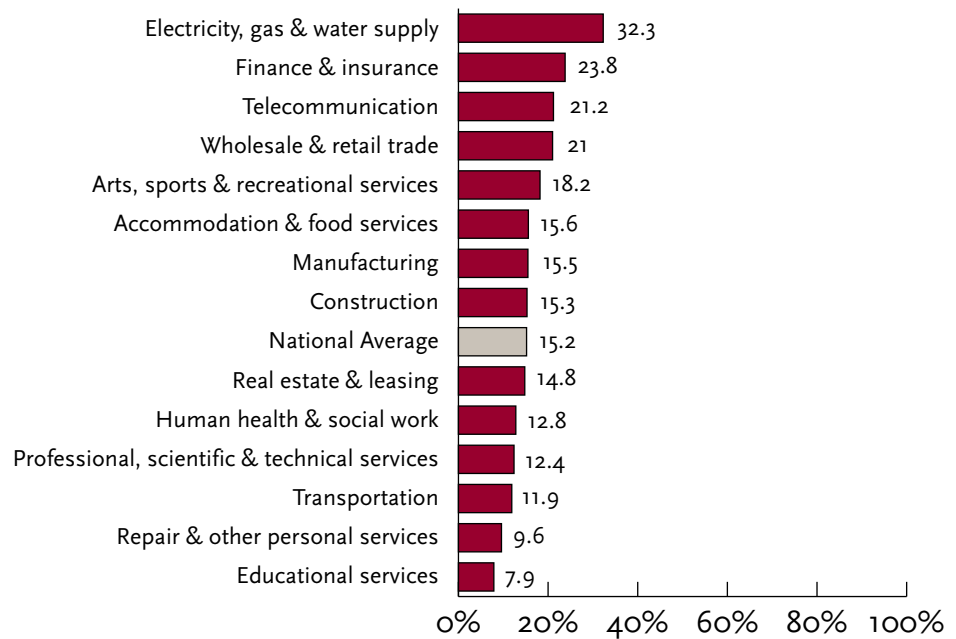
- By *industrial sector*, such job rotation programs are more likely to be provided in the utilities (electricity, gas, and water supply) sector (77.4%) and the finance and insurance sector (72.6%) than in other industrial sectors. It is implemented least in the transportation sector (25.2%).<sup>7</sup>
- By *company size*, generally, the larger companies are more likely to report that they implement a regular job rotation program. For instance, 61.1% of employers with 1,000 or more employees, 50.5% of those with 500–999 employees, 36.8% of those with 50–99 employees, and 38.0% of those with fewer than 50 employees report that they implement a regular job rotation program.<sup>7</sup>



As suggested by Figure 7, about 15.2% of employers in South Korea report that they provide career counseling services that help employees identify career plans and provide appropriate advice by a personnel management department.

By *industrial sector*, such support is more likely to be provided in the utilities (electricity, gas, and water supply) sector (32.3%), the finance and insurance sector (23.8%), the telecommunication sector (21.2%), and the wholesale and retail trade sector (21.0%) than in other industrial sectors. It is offered least in the education services sector (7.9%).

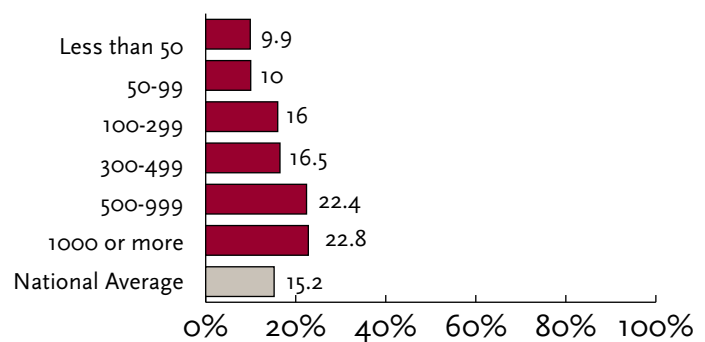
Figure 7: Percent Employers Providing Career Counseling by a Personnel Management Department (by industrial sector)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

By *company size*, as shown in Figure 8, clearly, the larger companies are more likely to report that they provide career counseling for their employees by a personnel management department. For instance, 22.8% of employers with 1,000 or more employees, 22.4% of those with 500–999 employees report, 10.0% of those with 50–99 employees, and 9.9% of those with fewer than 50 employees report that they provide career counseling for their

Figure 8: Percent Employers Providing Career Counseling by a Personnel Management Department (by company size)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

## Indicators of Provisions for Employment Security & Predictabilities

- *Job security within an organization is promoted, and terms of employment are communicated clearly, with an emphasis on smooth transitions through jobs and careers.*

About 44.6% of employers in South Korea report that they have a system or custom which re-employs retired regular workers <sup>9</sup> as nonregular workers or contractual workers.

- By *industrial sector*, a re-employing system is more likely to be made available in the transportation sector (76.0%) than in any other industrial sectors. It is offered least in the telecommunication sector (11.5%) and the finance and insurance sector (16.0%).<sup>7</sup>
- By *company size*, employers with 300–499 employees (51.4%) are the most likely to report that they have a re-employing system compared to other groups.<sup>7</sup>

Just 3.6% of employers in South Korea report that they have introduced “wage peak systems.” <sup>10</sup>

- By *industrial sector*, wage peak systems are more likely to be made available in the finance and insurance sector (10.7%) and the arts, sports and recreation services sector (9.1%) than in other industrial sectors. They are not offered at all in the wholesale and retail trade sector, the accommodation and food services sector, and the telecommunication sector. But 36.4% of employers in the arts, sports, and recreation sector; 33.3% of employers in the telecommunication sector; 32.3% of employers in the utilities (electricity, gas, and water supply) sector; and the 31.3% of employers in the accommodation and food services sector are examining wage peak systems to introduce in the future.<sup>7</sup>
- By *company size*, generally, the larger companies are more likely to report that they have introduced wage peak systems. For instance, 10.8% of employers with 1,000 or more employees, 5.7% of those with 500–999 employees, 2.2% of employers with 50–99 employees, and 0.9% of employers with fewer than 50 employees report that they have introduced wage peak systems.<sup>7</sup>

About 11.8% of employers in South Korea report that they provide outplacement services. <sup>11</sup>

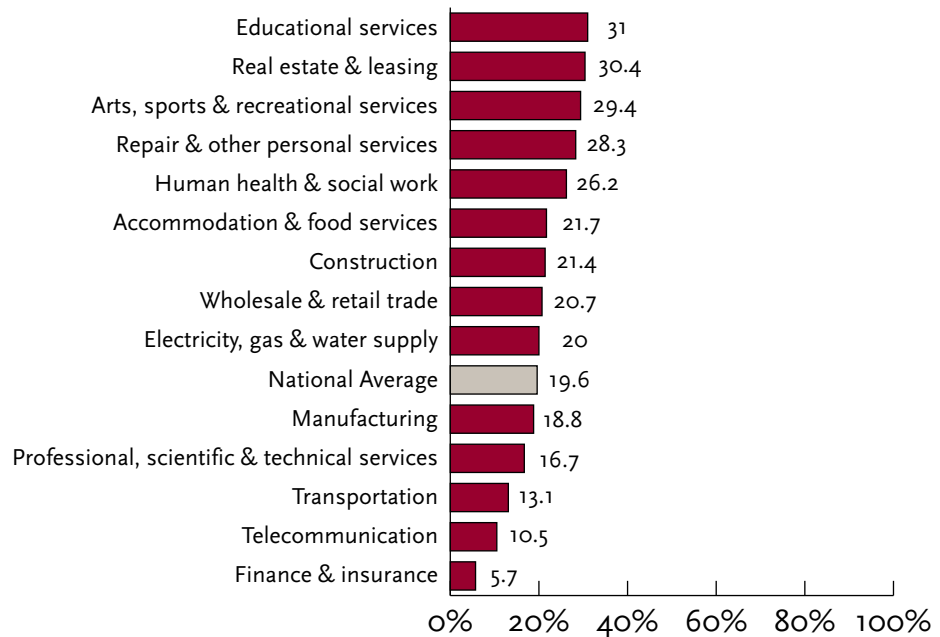
- By *industrial sector*, such opportunities are more likely to be available in the finance and insurance sector (31.0%) than in any other industrial sectors. They are offered least in the accommodation and food services sector (3.1%) and the education services sector (4.0%).<sup>7</sup>
- By *company size*, the largest companies, with 1,000 or more employees (28.7%), are the most likely to report that they provide outplacement services for their employees compared to any other groups.<sup>7</sup>



As suggested by Figure 9, about 19.6 % of employers in South Korea report that they have a management policy or agreement which states that regular employees shall not be dismissed for managerial reasons.

By *industrial sector*, such a management policy or agreement is more likely to be made available in the education services sector (31.0%), the real estate and leasing sector (30.4%), and the arts, sports, and recreation services sector (29.4%) than in other industrial sectors. It is offered least in the finance and insurance sector (5.7%).

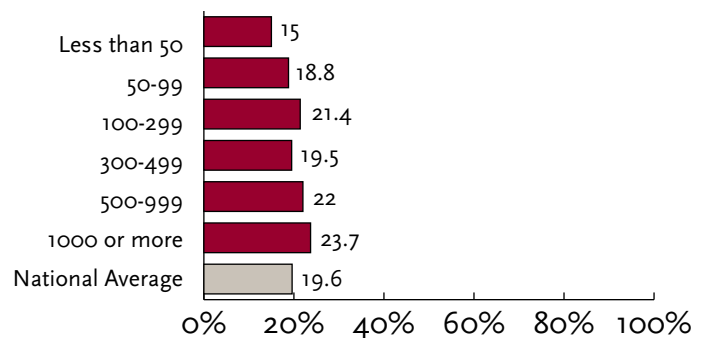
Figure 9: Percent Employers with a Management Policy or Agreement Stating that Regular Employees Shall Not Be Dismissed for Managerial Reasons (by industrial sector)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

Figure 10: Percent Employers with a Management Policy or Agreement Stating that Regular Employees Shall Not Be Dismissed for Managerial Reasons (by company size)

By *company size*, as shown in Figure 10, generally, larger companies are more likely to report that they have a management policy or agreement which states that regular employees shall not be dismissed for managerial reasons. For instance, 23.7 % of employers with 1,000 or more employees, 22.0% of employers with 500–999 employees, 18.8% of employers with 50–99 employees, and 15.0% of employers with fewer than 50 employees report that they have such a policy.



Source: Lee, 2009, from the 2005 Workplace Panel Survey

## Indicators of Workplace Flexibility

- *Employees' options, choices, and control over work conditions are made available in an accessible manner.*

About 43.5% of employers in South Korea report that their employees work in shifts.

- By *industrial sector*, the employees who are in the accommodation and food services sector (93.7%) and the human health and social work sector (89.9%) are more likely to work in shifts than the employees who are in other industrial sectors. The employees who are in the finance and insurance sector (2.4%) and the education services sector (7.9%) are the least to work in shifts.<sup>7</sup>
- By *company size*, the employers of both large and medium-size companies are more likely than those of small size to report that their employees work in shifts.<sup>7</sup>

Only 10.7% of employers in South Korea report that they have introduced flexible-hours systems in which employees are entrusted with the decision as to when to begin and finish work in accordance with the rules of employment.<sup>12</sup>

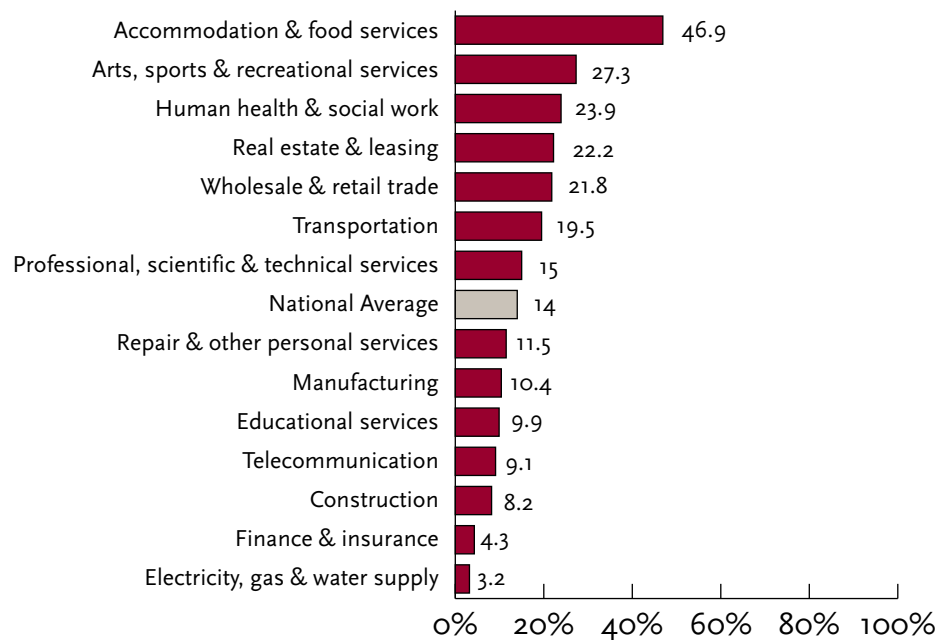
- By *industrial sector*, flexible-hours systems are more likely to be made available in the accommodation and food services sector (28.1%), the human health and social work sector (24.8%), and the arts, sports, and recreation services sector (22.7%) than in other industrial sectors. They are not offered at all in the utilities (electricity, gas, and water supply) sector.<sup>7</sup>
- By *company size*, clearly, the larger companies are more likely to report that they have introduced flexible-hours systems. For instance, 16.8% of employers with 1,000 or more employees, 14.3% of those with 500–999 employees, 7.0% of employers with 50–99 employees, and 7.6% of employers with fewer than 50 employees report that they have introduced flexible-hours systems.<sup>7</sup>



As suggested by Figure 11, about 14.0% of employers in South Korea report that they have introduced flexible-hours systems in which working hours are determined in a flexible manner. Under this system, employers may have employees work in accordance with rules of employment for a specific week or a day in excess of limited working hours stipulated in related statutes.<sup>13</sup>

By *industrial sector*, flexible-hours systems are far more likely to be made available in the accommodation and food services sector (46.9%) compared to all other industrial sectors. They are offered least in the utilities (electricity, gas, and water supply) sector (3.2%) and the finance and insurance sector (4.8%).

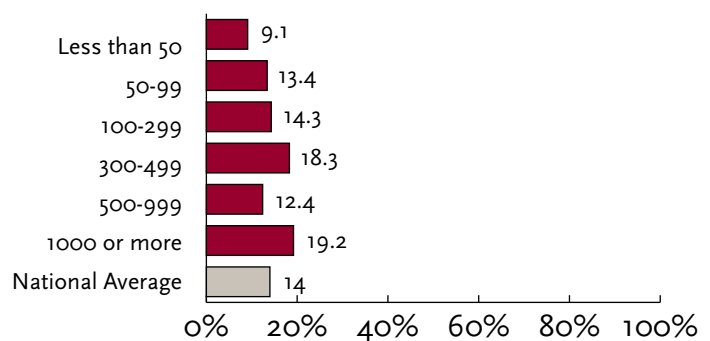
Figure 11: Percent Employers Introducing Flexible-hours Systems (by industrial sector)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

Figure 12: Percent Employers Introducing Flexible-hours Systems (by company size)

By *company size*, as shown in Figure 12, generally, medium and large-sized companies are more likely than those of small size to report that they have introduced flexible-hours systems. For instance, 19.2% of employers with 1,000 or more employees report that they have introduced flexible-hours systems, compared to 18.3% of employers with 300–499 employees and 9.1% of employers with fewer than 50 employees.



Source: Lee, 2009, from the 2005 Workplace Panel Survey



## Indicators of Culture of Respect, Inclusion & Equity

- *Diversity, inclusion, and equity at workplace are valued and promoted by workplace practices.*

About 80.6% of employers in South Korea report that they have implemented parental leave for their employees as part of their maternity protection measures.

- By *industrial sector*, parental leave is more likely to be made available in the human health and social work sector (95.4%), the accommodation and food services sector (93.8%), and the arts, sports, and recreation sector (93.2%) than in other industrial sectors. It is offered least in the construction sector (59.2%) and the transportation sector (58.5%).<sup>7</sup>
- By *company size*, generally, the larger companies are more likely to report that they have implemented parental leave. For instance, 98.2% of employers with 1,000 or more employees and 91.4 % of those with 500–999 employees report that they have made available such maternity job protection measures, while 59.6% of those with fewer than 50 employees report that they have.<sup>7</sup>



About 48.0% of employers in South Korea report that they have implemented paternity leave for their employees.

- By *industrial sector*, paternity leave is more likely to be made available in the arts, sports and recreation sector (70.5%) and the education services sector (68.3%) than in other industrial sectors. It is available least in the transportation sector (26.4%) and the construction sector (33.7%).<sup>7</sup>
- By *company size*, clearly, the largest companies are the most likely to report that they have implemented paternity leave compared to all other groups. Fully 71.3% of employers with 1,000 or more employees report that they have made such paternity leave available, while 49.0% of those with 500–999 employees, 55.4% of those with 300–499 employees, 53.1% of those with 100–299 employees, 37.0% of those with 50–99 employees, and 33.6% of those with fewer than 50 employees report that they have. <sup>7</sup>

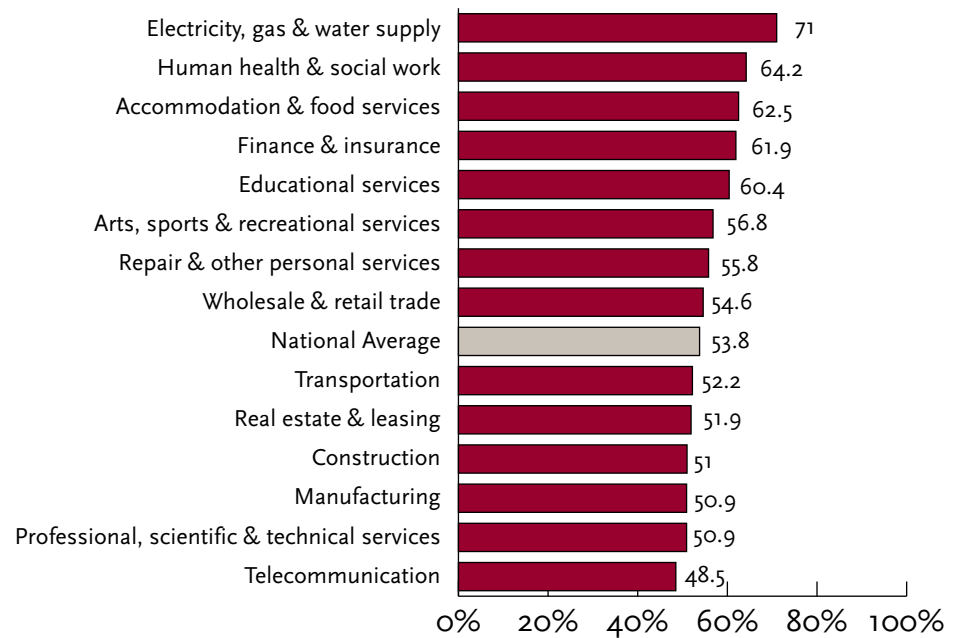
About 75.5 % of employers in South Korea report that they provide health insurance for “all nonregular employees.”

- By *industrial sector*, such support for all nonregular employees is more likely to be made available in the finance and insurance sector (91.1%), the utilities (electricity, gas, and water supply) sector (87.5%), and the education services sector (87.1%) than in other industrial sectors. It is offered least in the accommodation and food services sector (64.3%) and the construction sector (65.2%).<sup>7</sup>
- By *company size*, clearly, the largest companies are the most likely to report that such support is made available for all nonregular employees than any other groups. 82.4% of employers with 1,000 or more employees report that they provide health insurance for all nonregular employees, compared to 76.3% of those with 500–999 employees, 74.2% of those with 300–499 employees, 75.6% of those with 100–299 employees, 73.0% of those with 50–99 employees, and 73.8% of those with fewer than 50 employees.<sup>7</sup>

As suggested by Figure 13, about 53.8% of employers in South Korea report that they have official written documents outlining policies for providing equitable opportunities to all employees and managing diversity among employees.

By *industrial sector*, such written documents are most likely in the utilities (electricity, gas, and water supply) sector (71.0%) and the human health and social work sector (64.2%). They are least likely in the telecommunication sector (48.5%).

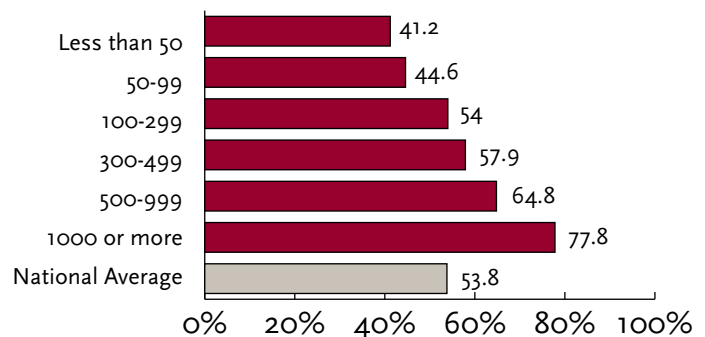
Figure 13: Percent Employers with Official Written Documents Outlining Policies for Providing Equitable Opportunities and Managing Diversity (by industrial sector)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

By *company size*, as suggested by Figure 14, clearly, the larger companies are more likely to report that they have official written documents outlining policies for providing equitable opportunities to all employees and managing diversity among employees. For instance, about 77.8% of employers with 1,000 or more employees, 64.8% of those with 500–999 employees, and 41.2% of employers with fewer than 50 employees report that they have such written documents.

Figure 14: Percent Employers with Official Written Documents Outlining Policies for Providing Equitable Opportunities and Managing Diversity (by company size)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

## Indicators of Promotion of Constructive Relationships at Work

- ▶ *Constructive relations between employers and employees are maintained, and respectful and professional interactions among co-workers are promoted by workplace practices.*

About 54.7% of employers in South Korea report that they implement a “small group activities” program which sets forth and pursues small groups’ own work goals and work improvement.<sup>14</sup>

- By *industrial sector*, the small group activities are more likely to be made available in the utilities (electricity, gas, and water supply) sector (87.1%) and the human health and social work sector (71.6%) than in other industrial sectors. They are implemented least in the education services sector (31.7%), the transportation sector (34.6%), and the construction sector (40.8%).<sup>7</sup>
- By *company size*, clearly, the larger companies are more likely to implement the small group activities. For instance, 78.4% of employers with 1,000 or more employees, 65.2% of those with 500–999 employees, 43.5% of those with 50–99 employees, and 40.6% of those with fewer than 50 employees report that they implement the small group activities.<sup>7</sup>

About 68.3% of employers in South Korea report that they hold regular vertical group meetings, such as departments, divisions, teams, and work groups, to share management information.

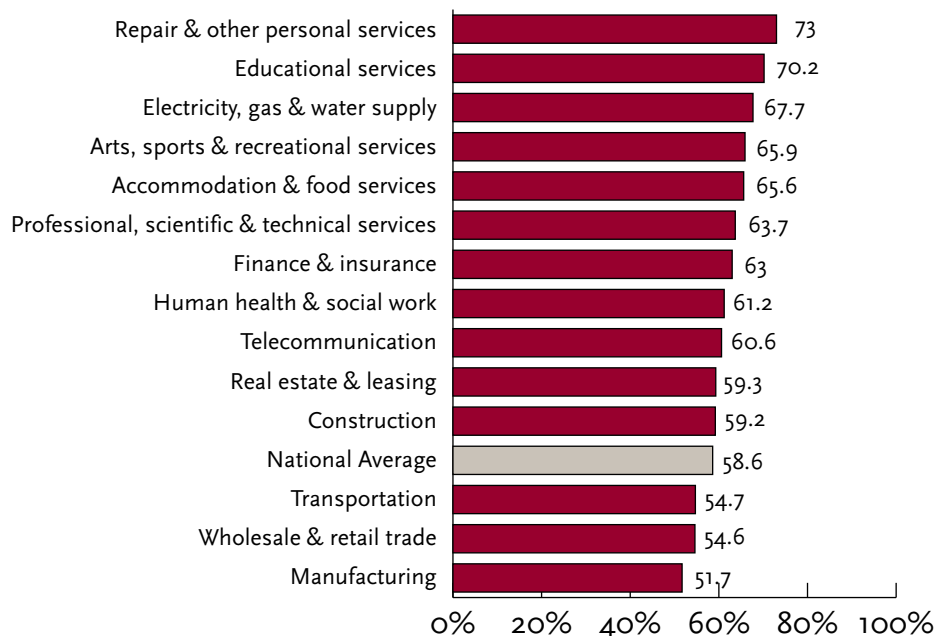
- By *industrial sector*, such regular meetings are more likely to be held in the real estate and leasing sector (85.2%), the utilities (electricity, gas, water) sector (83.9%), and the finance and insurance (83.3%) sector than in other industrial sectors.<sup>7</sup>
- By *company size*, generally, the larger companies are more likely to hold regular vertical group meetings. For instance, 82.0% of employers with 1,000 or more employees, 71.9% of those with 500–999 employees, 67.7% of those with 50–99 employees, and 60.8% of those with fewer than 50 employees report that they hold regular group meetings.<sup>7</sup>



As suggested by Figure 15, about 58.0% of employers in South Korea report that they hold meetings between the CEO and employees as a single group or in small groups that aim specifically to enhance communication at the workplace.

By *industrial sector*, such meetings are more likely to be held in the repair and other personal services sector (73.1%) and the education services sector (70.3%) than in other industrial sectors. They are held least in the manufacturing sector (51.7%).

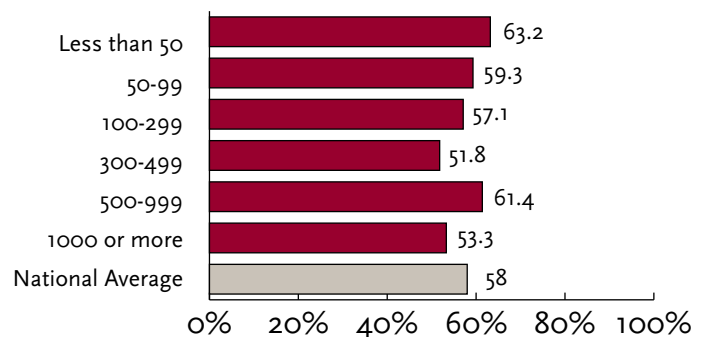
Figure 15: Percent Companies Holding Meetings Between the CEO and Employees (by industrial sector)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

By *company size*, as indicated in Figure 16, employers with fewer than 50 employees are the most likely to report that they hold meetings between the CEO and employees compared to all other groups. However, there is little variation by company size.

Figure 16: Percent Companies Holding Meetings Between the CEO and Employees (by company size)



Source: Lee, 2009, from the 2005 Workplace Panel Survey

## SUMMARY: MINDING THE GAP

How do employers' policies and programs that affect quality of employment vary by the industrial sector and company size? We examined how workplace-based resources for each of the eight dimensions of quality of employment vary in the country context of South Korea.

Given the information presented in this paper, by *industrial sector*, employers in the utilities (electricity, gas, and water supply) sector and the finance and insurance sector are generally more likely to provide workplace-based resources for their employees' quality of employment. Such resources are provided least in the transportation and construction sectors. For other industrial sectors, the quality of employment of each dimension varied by industrial sector. For instance, employers in the accommodation and food services sector are more likely to offer resources related to the Wellness, Health, & Safety Protection and the Workplace Flexibility dimensions, while employers in the education services sector, the human health and social work sector, and the arts, sports, and recreation services sector are more likely to offer resources related to the Culture of Respect, Inclusion, and Equity dimension.

By *company size*, generally, larger companies (as measured by the number of employees) are more likely to provide workplace-based resources for their employees' quality of employment across almost all indicators of the eight dimensions. Meanwhile, employers' practice of introducing performance-related pay increases for nonmanagerial employees, one indicator that is part of the Fair, Attractive, and Competitive & Benefits dimension, shows the opposite finding. This indicates that the smaller companies are more likely to introduce such performance-related pay increases. In addition, employers' practice of holding meetings between the CEO and employees, one indicator of the Promotion of Constructive Relationships at Work dimension, shows that the smallest companies are the most likely to hold such CEO-employee meetings.

## CONCLUSION: CLOSING THE GAP

Employees' quality of employment depends on a number of other factors besides industrial sector and company size. These may include labor market policies and economic conditions. Given the information presented in this paper, we should continue to pursue inquiries to explore more specific questions about how other factors affect South Korean employers' allocation of workplace-based resources for employees' quality of employment. However, the information presented in this paper may provide employers and scholars who are interested in quality of employment across countries with general background knowledge of employers' human resource practices, policies, and programs that affect quality of employment in South Korea.

## ABOUT THE INSTITUTE

Established in 2007 by the Center on Aging & Work, the Global Perspectives Institute is an international collaboration of scholars and employers committed to the expansion of the quality of employment available to the 21st century multi-generational workforce in countries around the world.

The Global Perspectives Institute focuses on innovative and promising practices that might be adopted by employers and policy-makers.

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- ▶ informed decision making by employers who want to be employers-of-choice in different countries; and
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The Sloan Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st century multi-generational workforce. We integrate evidence from research with insights from workplace experiences to inform innovative organizational decision-making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the Center develops the next generation of knowledge and talent management.

The Sloan Center on Aging & Work is grateful for the continued support of the Alfred P. Sloan Foundation.

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1 For example, see:

Barnett, R. C., & Gareis, K. C. (2002). Full-time and reduced-hours work schedules and marital quality: A study of female physicians with young children. *Work and Occupations*, 29(3), 364-379.

Butler, A. B., Grzywacz, J. G., Bass, B. L., & Linney, K. D. (2005). Extending the demands-control model: A daily diary study of job characteristics, work-family conflict and work-family facilitation. *Journal of Occupational and Organizational Psychology*, 78(2), 155-169.

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Lewis, S. Brookes, M., Mark, A. & Etherington, D. (2008). *Work engagement, work-family enrichment and gender: A positive approach to quality of working life*. Working Paper. London: Middlesex University Business School.

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Swanberg, J. E., & Simmon, L. A. (2008). Quality jobs in the new millennium: Incorporating flexible work options as a strategy to assist working families. *Social Service Review*, 82(1), 119-147.

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2 For example, see:

Allen, T. D., Eby, L. T., Poteet, M. L., Lentz, E., & Lima, L. (2004). Career benefits associated with mentoring for protégés: A meta-analysis. *Journal of Applied Psychology*, 89(1), 127-136.

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Edmans, A. (2008). *Does the stock market fully value intangibles? Employee satisfaction and equity prices*. Philadelphia, PA: University of Pennsylvania- The Wharton School. Retrieved from <http://ssrn.com/abstract=985735>

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4 Great Places to Work Institute. *What makes a great place to work: Financial results*. Retrieved April 15, 2009, from <http://www.greatplacetowork.com/great/graphs.php>

5 Unfortunately, most of the research linking employer-of-choice strategies with business outcomes tends to focus on correlational relationships. Such studies do not definitively establish that being a “best place to work” causes positive organizational performance; indeed, it might also be true that high profits and strong financial growth cause higher employee engagement and foster perceptions that a particular workplace is an employer-of-choice.

- 6 The term “choice-based welfare system” refers to a system which allows employees to select welfare benefits that fit their particular needs. This system is also called a “cafeteria plan.”

For more information, see:

Pang, H. N. (2002). *A study on the introduction of cafeteria plan* [Suntaekjuk Geunroja Bokj ijedo Doeep Bang-an Youngu]. Seoul, Korea: Korea Ministry of Labor.

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- 7 Lee (2009), from the 2005 Workplace Panel Survey.  
Data were from the 2005 Workplace Panel Survey. This survey was conducted by the Korea Labor Institute in 2005 and gathered information from 1,905 workplaces across the country. For this paper, 1,887 workplaces were included after omitting two industrial sectors which had fewer than 25 cases. These were the manufacturing sector (731); the electricity, gas, and water supply sector (31); the construction sector (98); the wholesale and retail trade sector (119); the accommodation and food services sector (32); the transportation sector (159); the telecommunication sector (33); the finance and insurance sector (84); the real estate and leasing sector (27); the professional, scientific, and technical services sector (267); the education services sector (101); the human health and social work sector (109); the arts, sports, and recreation services sector (44); and the repair and other personal services sector (52). The mining sector and the public administration and defense sector were omitted. Industrial sectors were based on the 8th edition of the *Korean Standard Industrial Classification*. Company sizes were divided into fewer than 50 employees (342), 50–99 (359), 100–299 (531), 300–499 (278), 500–999 (210), and 1,000 or more (167).
- 8 The term “job rotation program” refers to a method used to increase organizational flexibility by reshuffling employees. This is a human resource nurturing system that changes the job function of employees to ensure that they acquire experience and knowledge in many areas. In other words, employees regularly have to deal with tasks that are different from those performed previously.

For more information, see:

Erikson, T., & Ortega, J. (2006). The adoption of job rotation: Testing and theories. *Industrial and Labor Relations Review*, 59(4), 653-666.

Cosgel, M. M., & Miceli, T. J. (1999). Job rotation: Cost, benefits, and stylized facts. *Journal of Institutional and Theoretical Economics*, 155(2), 301-320.

- 9 In the 2005 Workplace Panel Survey, “regular workers” are operationalized as full-time workers whose wage levels are influenced by seniority in the workplace, who have contractual relationships with one single employer, and who have indefinite contracts that ensure continuous employment.
- 10 The term “wage peak systems” refers to a system which guarantees the employment security of employees in or past their mid-50s until the retirement age or extends employment beyond the retirement age in exchange for agreeing to wage cuts.

For more information, see:

Organisation for Economic and Co-operative Development. (2006). *Ageing and employment policies—Live longer, work longer*. Paris: OECD.

Kim, J. H. (2008). The current status of wage peak system introductions and policy implications in South Korea [Imgeum peak je doeep shiltae mit jungchaek gwaje], *Monthly Labor Review*, 48, 33-44.



- 11 The term “outplacement services” refers to a form of support that helps employees who must soon leave their current jobs. Companies might directly provide occupational counseling for re-employment, or they could choose to provide such services through an expert organization.  
  
For more information, see:  
  
Kim, J. H., Kim, D. H., & Oh, H. S. (2002). *Employment adjustment and the outplacement service program*. Seoul: Korea Labor Institute.  
  
Chung, D. S. (2003). A study on the effect of outplacement service programs [Jeonjik jiwon service program-eui hyogwae daehan younkoo]. *Journal of Vocational Education and Training*, 6(1), 275-298.  
  
Joo, Y. K. (2002). Factors that assist and hinder the success of outplacement counseling services [Jeonjik jiwon service-eui jiwon yongwa jang-ae yoin]. *Journal of Vocational Education and Training*, 5(1). 53-90.
- 12 Flexible-hours systems are stipulated in the Article 52 of the Labor Standard Act (Act No. 5309 of March 13, 1997, amending Act No. 9038 of March 28, 2008).
- 13 Flexible-hours systems are stipulated in the Article 52 of the Labor Standard Act (Act No. 5309 of March 13, 1997, amending Act No. 9038 of March 28, 2008).
- 14 The term “small group activities” refers to a form of activities carried out by small groups who set forth and pursue their own work goals and plans for work improvement. Customer satisfaction, service and quality enhancement, cost savings, on-time delivery, product development, and product improvement are the focus of such teams and task forces.

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