

Research in Brief



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Health Inequalities Due to Employment Status and Employer Size and Their Policy Implications

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Introduction

Working environment and work conditions are important social determinants of health as they constitute the everyday milieu in which workers do their work. The extent to which workers are exposed to occupational risks—biological, chemical, and physical hazards, work hours and placement, and psychosocial factors—varies across different working environments, and what line of work one does affects to a significant extent one's income, social network, and social prestige.

The crisis that is covid-19 has shown us that the risks and pain people experience vary in degree depending on where they work and in what sector. The mass infections emerged from courier warehouses and delivery call centers and the deaths that occurred repeatedly among overworked delivery workers have plainly revealed that “social distancing” or “take rest if feeling unwell”, both regarded as rules to keep to in covid-19 situations, are just next to impossible to follow for some workers.

Health inequalities are engendered not only by covid-19. Compared to most OECD countries, Korea has a higher occurrence of severe industrial accidents, not least among non-regular workers, subcontractor employees and small-business workers. It is unjustifiable to leave these health disparities unaddressed, as they can to a considerable extent be prevented and reduced by suitable policy interventions.

Promoting health equity is one of the two main goals that Korea's health policy pursues, the other being extending healthy life expectancy. However, improving health equity requires more than health policies. Things that determine access to resources with which to respond to exposure to health hazards

are often social factors that go beyond the sphere of health policy. Labor is representative among such social determinants of health. In order to have the perspective of “worker health equity” absorbed into all labor policies, it is important to carry out a blanket monitoring of health inequalities among workers and to identify areas that need policy intervention.

This study examines health inequality among workers in Korea and presents suggestions for policy intervention. The focus of this study is on how among workers the extent of exposure to health risks, the availability of resources with which to respond to health risks, and health outcomes vary depending on the type of their employment and the size of their employers.



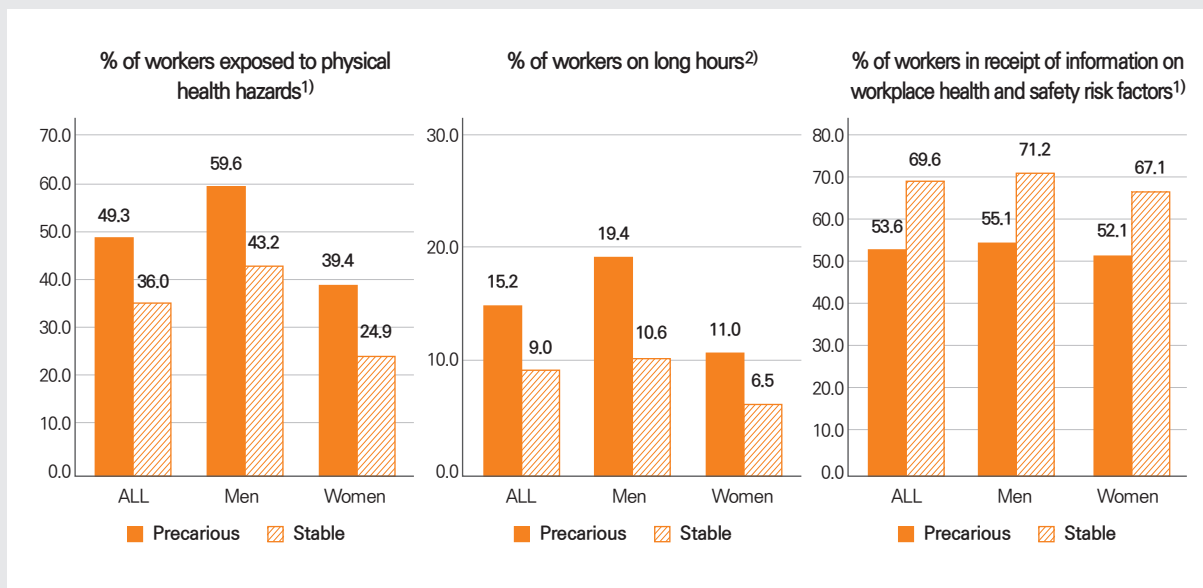
Precarious employment and health inequality

Precarious employment, often called non-regular employment, is defined as forms of employment that include elements of insecurity in employment contracts, labor methods and work hours. In this study, wage workers in regular employment are classified as working at jobs that are “stable.” Other wage workers are regarded to be in precarious employment.

This study finds that the more precarious the workers are in their employment, the higher the prevalence of their exposure to workplace health hazards. Those in precarious employment were less healthy and less inclined to healthy behaviors than regular or permanent workers. Specifically, the prevalence of exposure to physical hazards—machine vibrations, noise, high or low temperature, smoke, gas, dust, etc.—and to workplace health risk factors like long hours was significantly higher in workers in precarious employment. Such health-protective factors as the “percentage of workers in receipt of information on workplace health and safety risk factors” were more prevalent among those in stable employment.

The prevalence of current smoking in men and the prevalence of depressive symptoms in men and women were higher for workers in precarious employment. Meanwhile, the percentage of those who rated their health state as fair was higher in workers in stable employment.

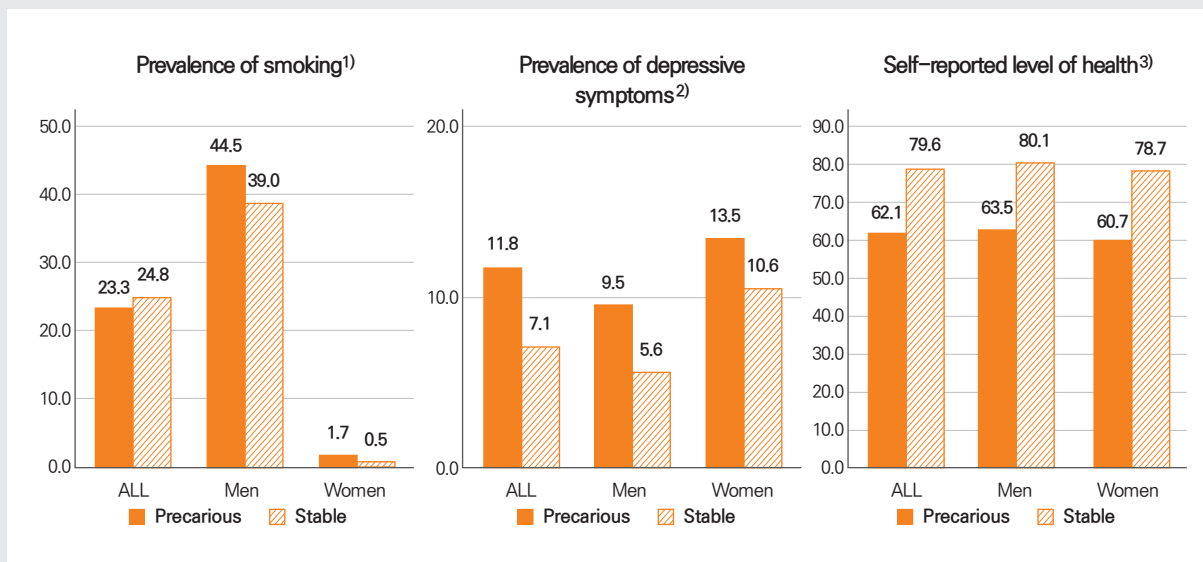
[Figure 1] Workplace health risk factors and health protective factors for workers in regular and precarious employment



Source: 1) Korea Occupational Safety and Health Agency/ Occupational Safety and Health Research Institute. (2017). 5th Korean Working Conditions Survey

2) Statistics Korea. (2019). Economically Active Population Survey.

[Figure 2] Health status and health behavior by employment status



Source: 1) Korea Labor Institute. (2018). Korean Labor and Income Panel Study

2) Ministry of Health and Welfare/ Korea Disease Control and Prevention Agency. (2017). Korea National Health and Nutrition Examination Survey

3) Korea Occupational Safety and Health Agency/ Occupational Safety and Health Research Institute. (2017). 5th Korean Working Conditions Survey

Most of the health inequalities that are attributed to employment types have closely to do with the structural inequality inherent in the labor market. The dual structure of the Korean labor market separates regular workers from non-regular workers and the prime contractor from the subcontractor. Workers in such a labor market structure work under conditions—wages, work hours and working environments—that vary depending on the type of their employment status, and health inequalities arise accordingly. As shown in Figure 3, workers in precarious employment, compared to those in stable employment, had a higher proportion of low-wage earners and lower subjective employment security. The proportion of employment insurance enrollees was about twice as high among workers in regular employment as among those in precarious employment. Even of workers in regular employment, those employed at subcontractors are in many cases “regular workers” only by classification, with their fringe benefits and wages by far less than what their prime-contractor counterparts receive.

The more people the firm is with non-regular workers—dispatched workers, subcontractor workers, and daily-contract workers—the less it does to keep its environment safe and healthy for its workers. However, it is workers at these workplaces who get to take on risk-ridden tasks that involve excessive workload. These workers, when they fall ill or get injured in an accident while on duty, do not get to have paid time off work for recovery. Above all, their precarious employment status may well mean that, when they are ill, they can readily be replaced.

[Figure 3] Labor market inequality due to employment status



Source: 1) Ministry of Employment and Labor. (2019). Survey on Labor Conditions by Type of Employment

2) Korea Statistics. (2019). Economically Active Population Survey

3) Korea Statistics. (2019). Economically Active Population Survey



Health inequality due to the size of the firm

As of 2019, firms with fewer than 50 workers accounted for 98 percent of all firms, with their employees making up as much as 63.8 percent of all workers. Firms with fewer than 5 employees accounted for 61.5 percent of all firms, and their workers represented 19 percent of all workers.

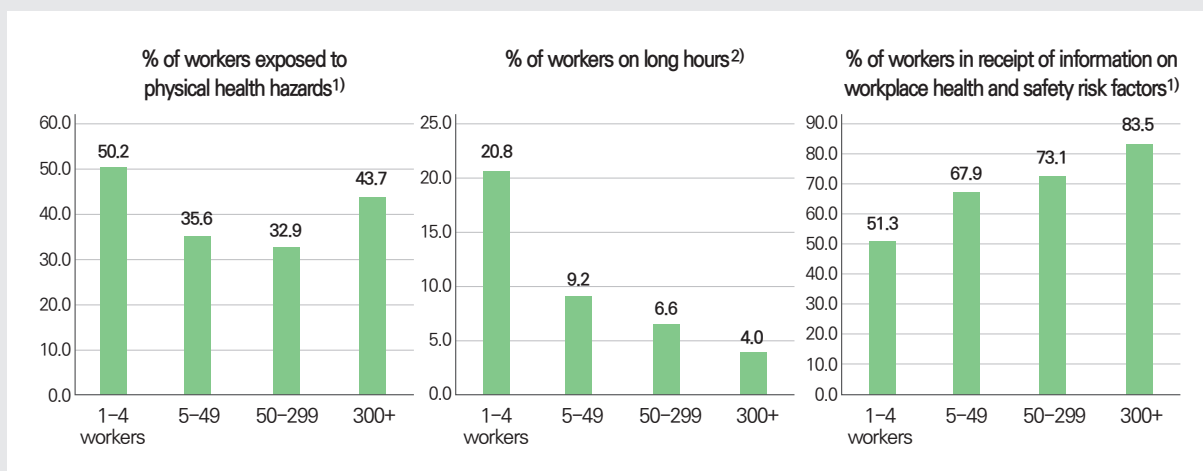
There is a tendency in Korea that employment conditions and work environments get determined by how large, or small the firm is. Many labor-related laws in Korea grant exceptions from their stipulations to firms of specific sizes. Article 11 of the Labor Standards Act, for example, makes clear that its stipulation applies to those “firms with five or more full-time employees.” Other laws that have the Labor Standards Acts as their basis—the Act on the Protection, etc. of Fixed-term and Part-time Employees, the Act on the Protection, Etc. of Temporary Agency Workers, the Severe Accident Punishment Act, and the Act on Public Holidays—also do not apply to firms with fewer than 5 employees. The 52-hour-workweek rule and the reducing of the number of industries exempt from that rule, have been belatedly implemented even for “firms with fewer than 50 employees.” Furthermore, the implementation of the Severe Accident Punishment Act has been put off for three years. Policies that pursue the protection of worker’s rights have flourished around large firms. Small firms have been left exempt from those policies or relegated in priority.

This study examines health inequalities among workers in firms of difference sizes. Firms with fewer than five employees are classified as “micro-sized.” Firms with employees numbering 5 to 49 are classified as small-sized. Medium-sized firms are those with employees numbering anywhere between 50 and 299. Firms having 300 or more employees are regarded as large businesses. Some indicators for which such classifications are not applicable are used on “firms with fewer than 5 employees”, “firms with 5 to 29 employees”, “firms with 30 to 299 employees” and “firms with 300 or more employees.”

The percentage of employees exposed to physical hazards was highest in micro firms, as was the proportion of those whose workweek exceeded 52 hours. The larger the size of the firm, the lower the percentage of employees exposed to physical hazards and the lower the percentage of employees working more than 52 hours a week. The “percentage of workers in receipt of information on workplace health and safety risk factors”, a health-protective factor, was higher for large-scale businesses. The current smoking rate decreased with the size of the firm. The percentage of those who rated their health as good was higher for employees from larger firms. The occurrence of occupational accident declined with the size of the firm, with the rate for firms with fewer than 5 employees quadrupling that for those employing 300 or more workers.

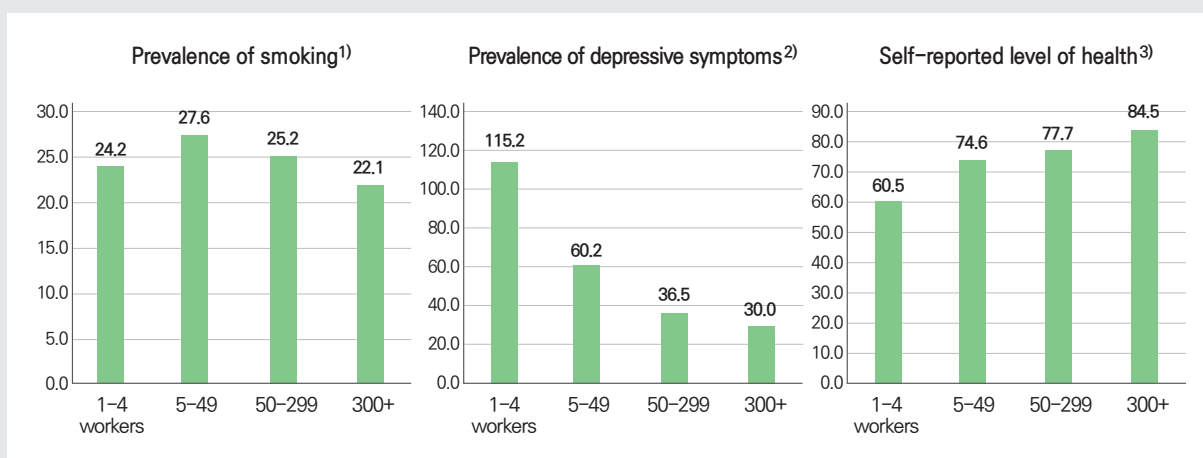
The fact that most of the indicators examined in this study take on the shape of a staircase distribution suggests that the problem of health inequalities among workers concerns more than just specific groups of workers in precarious employment.

[Figure 4] % of workers exposed to health hazards at workplace and % of workers in receipt of information on health and safety risk factors, by the size of the workplace



Source: 1) Korea Occupational Safety and Health Agency/ Occupational Safety and Health Research Institute. (2017). 5th Korean Working Conditions Survey
2) Statistics Korea. (2019). Economically Active Population Survey.

[Figure 5] Inequalities in health status and health behavior, by the size of the workplace

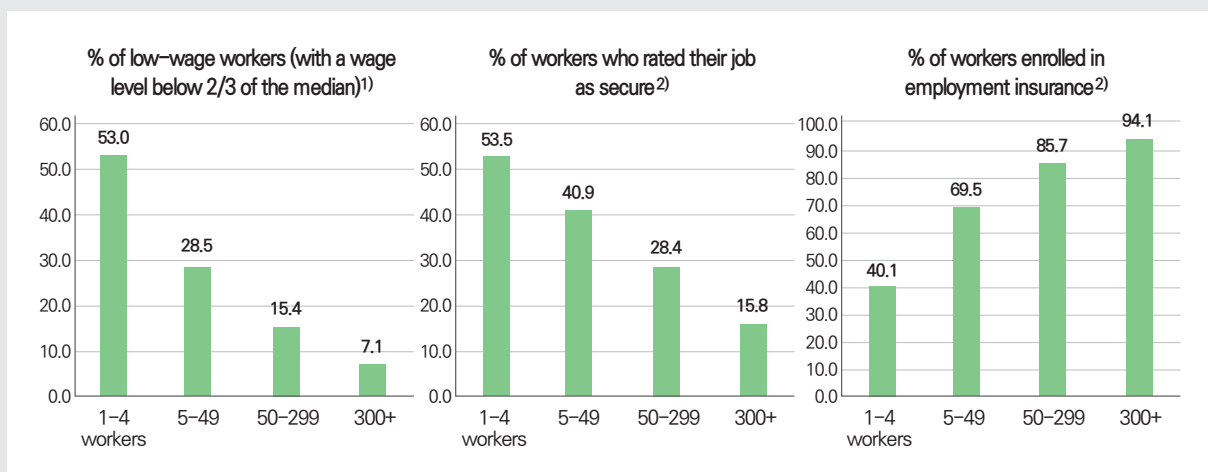


Source: 1) Korea Labor Institute. (2018). Korean Labor and Income Panel Study
2) Ministry of Health and Welfare/ Korea Disease Control and Prevention Agency. (2017). Korea National Health and Nutrition Examination Survey
3) Korea Occupational Safety and Health Agency/ Occupational Safety and Health Research Institute. (2017). 5th Korean Working Conditions Survey

Workers at small firms are more likely than workers at larger firms to get exposed to workplace health hazards. Compared to larger firms, small firms are also more likely to lack resources with which to respond to the health risks their workers face. As a result, the level of workers' health is lower for small firms than for large ones. However, small firms, as mentioned above, rendered exempt as they

are from various industrial health regulations, remain highly vulnerable to health and safety risks. The Occupational Safety and Health Act, which requires employers to form a committee for occupational safety and health to “deliberate or decide on important matters concerning workplace safety and health,” does not apply to small firms with fewer than 50 workers. Nor are the employers of those small firms required to appoint someone inhouse to take charge in overseeing the safety and health of their employees. Firms with fewer than 50 employees are granted a 3-year grace period for the application of the Act on Punishment for Severe Accidents, which stipulates that employers shall be subject to penalties for severe accidents caused in consequence of their failure to meet their obligations to put in place safety and health measures for workers. Moreover, firms with fewer than 5 employees are excluded from the application of the Act. Workers’ Health Centers, a public health program designed to provide health management services to workers of small firms with fewer than 50 employees who are especially vulnerable to health risks, have neither been made well known to, nor made use of enough by, those whom they are intended to assist. Furthermore, as the services these health centers provide are mostly counselling and health education, it is hard to expect that they would lead to improvements to any substantial extent in workplace conditions hazardous to workers’ health. Even among those in regular employment, employees of small businesses are far worse off than employees of large firms in working conditions, wage, and fringe benefits. Figure 6 shows that pay, employment conditions and social safety nets are all lopsided in favor of workers in larger firms. The smaller the size of the firm, the higher the proportion of low-wage workers and non-regular employees and the lower the percentage of workers enrolled in employment insurance. As those small firms face difficulties in retaining enough workforce, employees there get overworked repeatedly.

[Figure 6] Labor market inequality, by the size of the workplace



Source: 1) Ministry of Employment and Labor. (2019). Survey on Labor Conditions by Type of Employment

2) Korea Statistics. (2019). Economically Active Population Survey



Factors that aggravate health inequalities among workers

Workers who get injured or fall ill while on duty can claim compensation from the industrial accident insurance. The process of receiving the compensation, however, is for the worker a painstaking road that takes much time and cost, as the burden of adducing evidence as regards the connection between the illness and the work lies with the employee. The access of the worker to industrial insurance benefits is further restrained by the complicated criteria used in determining industrial injury and illness. For these reasons, workers in precarious employment, mostly unentitled to mandatory sick leave or sick leave benefits, if fallen ill, often have to come back to work unrecovered.

Moreover, as pursuing industrial accident claims require demonstrating evidence about negligence of duty on the part of the employer, firms tend to avoid proceeding by way of a formal compensation claim, often trying to get their workers to look to a direct settlement with the employer. In these circumstances, for workers with a precarious employment status, it becomes especially difficult to file a petition for industrial accident compensation. In the process, the employee would turn instead to such an easier option as the National Health Insurance or an individually purchased indemnity health plan.

The Industrial Safety and Health Act requires employers to form an inhouse committee on industrial safety and health representing both management and labor to deliberate and decide on matters concerning workplace safety and health. However, in the current circumstances where health risks are often outsourced to the subcontractors on a complex set of contract terms, subcontractor employees, despite their being a party concerned, are in effect excluded from participating in the prime contractor's committee on industrial safety and health and are thus allowed little voice in matters concerning their working conditions and the illnesses arising from them.

Education on workplace safety and health, as stipulated in the Industrial Safety and Health Act, is being implemented for employees of subcontractors and small businesses, but only on a limited scale or at the perfunctory level.

There are a host of exemptions that acquit employers of their duty to protect the health and safety of their employees, and the penalties meted out against failure of employer's duty are often too lenient. Despite the fact that it is within the employer's power to decide in what ways and to what extent to control and manage the risks present in the operation of a business, it is rarely the case that employers get punished for workplace safety and health problems.

Even in cases where heavy penalties are issued to employers in breach of the Industrial Safety and Health Act, the sentences often end up being carried out the form of suspension, probation or a light fine.

Workplace guidance and overseeing by administrative authorities has also been pointed out as too loose. According to a newspaper article released late last year¹⁾, 35 percent of the businesses in which industrial accidents of high severity occurred and which thus were put under the special supervision of the Ministry of Employment and Labor, had repeated severe accidents. Of those 29 firms placed under the special supervision, 22 had an incident of workplace death before a year had elapsed since the supervision ended. This puts to question the effectiveness of such work supervision.

●● Concluding remarks

The perception that the worker's health is the responsibility of the worker herself is pervasive in Korea. When they are injured or become ill at work, precarious workers have to bear in full the load of what it takes to cope with their difficult situation.

Workers who become injured or ill at work are entitled to apply for industrial accident compensation. But it is a difficult task for the worker to demonstrate the work-relatedness of the injury or illness. Moreover, the right of workers to rest is poorly protected. Also, even workers at those firms with a sick leave program in place find it difficult in practice to take sick leave, if their employer does not provide them with sufficient employment protection or does not have an extra workforce to fill in for them while on leave. To reduce health inequalities among workers would require improving the laws and regulations that fail to keep up with the current state of the labor market. The penalties that have been too lenient to keep the same offense from being repeated must be tightened, thereby strengthening the responsibility of employers for pursuing workplace safety and preventing industrial accidents. Balancing controls and incentives would be essential so that improved safety and health measures for precarious workers do not discourage employers from hiring them.

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1) "Repeat accidents occur in 4 in 10 firms under government special supervision" (Oct. 4, 2021). *The Kyunghyang Shinmun*.

It is workers on site who have the most intimate knowledge of safety risks and health hazards in their workplace. For this reason, precarious workers, including subcontractor employees, should be given channels through which to participate in and give voice to safety and health activities at work.

A universal social safety net is required that allows workers, when they are injured or ill, to take enough time off work and return sufficiently recovered, regardless of the cause of their injury or illness. The industrial accident insurance system can be made to play that role, by broadening its coverage and easing its eligibility criteria for compensation claims. It is also important to introduce paid sick leave programs so that workers can take recovery rest when ill; and a sickness benefit scheme by which to recoup income loss due to illness. The coverage of the industrial accident insurance needs to be extended to include those currently excluded from it, including employees of rural farming and fishery businesses with fewer than 5 workers and some workers belonging to the special employment category.

Workers' Health Centers should augment their roles and increase their accessibility so as to better protect the safety and health of precarious workers, notably those employed at small-businesses, and to meet the actual health needs of people in work. This would involve increasing the number of workers' health centers and expanding the scope their services to health screening, treatments and health promotion.

Furthermore, there is a need for a shift in mindsets away from seeing workers as expendables. The perception Korean society has of workers, of the health of workers, must change. This should involve changes in work conditions that would allow workers to have "take rest when ill" and "no need to be sorry for being ill" attitudes.