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Employment and Labor Policies in Transition : Social Policy

Policy Tasks for Improving Occupational Safety and the Industrial Accident Compensation Insurance Scheme

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I. Problem Statement

The sinking of the ferry Sewol on April 16, 2014, which sparked the anger and sorrow of the entire citizens of Korea, served as a painful reminder of what tragic consequences can result from the insensitivity to safety concerns. A series of incidents surrounding the disaster including the rescue process during which administrative incompetence was displayed; overloaded freight which has been pointed to as the cause of the sinking; failure to recognize the two teachers who sacrificed themselves to save the students as having died while on duty just because they were non-regular workers; and death of a civilian diver who took part in the search operations vividly demonstrated inferior levels of safety and protection in Korean society.

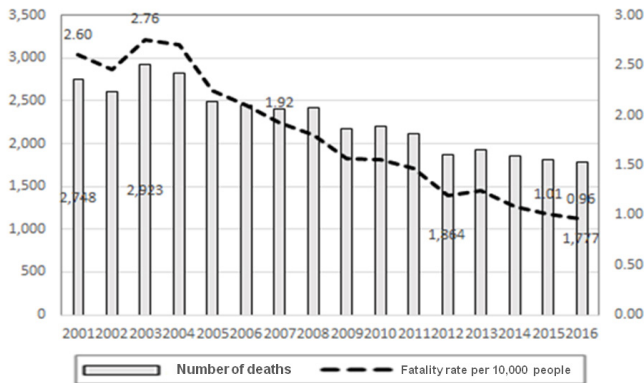
More recently, a young man almost the same age as the students of Danwon High School, who were lost in the Sewol Ferry Disaster, died while repairing a screen door on a subway platform at Guui Station on May 28, 2016. This accident, which also came as a shock to Korean society, was the result of the widespread practice of “outsourcing danger,” demonstrating that workers hired by contractors are exposed safety hazards without any proper protective measures.

These are just few examples of deaths caused by occupational accidents. Every year, about 2,000 workers die as a result of occupational accidents in Korea, which is equivalent to the fatality rate of almost one per 10,000 workers. In 2016, the fatality rate per 10,000 workers was 0.96. According to statistics from 2001 until recent years, the rate peaked at 2.76 in 2003 (almost 3 deaths per

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Figure 1. Changing Trends in the Number of Deaths & Fatality Rate Per 10,000 (2001–2016)

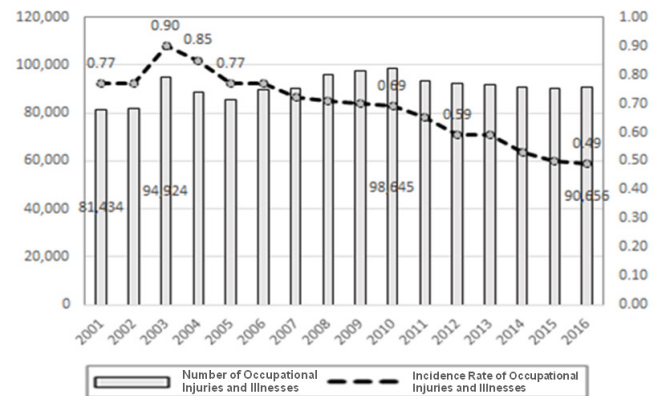
(Unit : person, %)



Source : Statistics Korea (2017), KOSIS (Korean Statistical Information Service) (downloaded on April 7, 2017);
MOEL (2017), Report on Occupational Accidents in 2016.

Figure 2. Changing Trends in the Number of Occupational Injuries and Illnesses & Incidence Rate of Occupational Injuries and Illnesses (2001–2016)

(Unit : person, %)



Source : Statistics Korea (2017), KOSIS (Korean Statistical Information Service) (downloaded on April 7, 2017);
MOEL (2017), Report on Occupational Accidents in 2016.

Table 1. Number of Deaths & Fatality Rate per 10,000 in Major Countries

(Unit: person, %)

	Korea			Japan	Germany	United States	United Kingdom
	2011	2012	2013	2011	2011	2011	2011, 12
Number of deaths	1,129	1,134	1,090	1,024	664	4,693	118
Fatality rate per 10,000 people	0.79	0.73	0.71	0.20	0.17	0.37	0.04

Note : 1) Calculated using the official statistics available from the website of related institutions in each country.

2) As the method of compiling statistics, the scope of application, the distribution of industries, and the scope of occupational accidents differ by country, a simple country-by-country comparison of the fatality rate per 10,000 people is not appropriate.

Source : Koo (2014), "Current Status of Statistical System on Occupational Accidents and Measures to Improve It" (Statement at the 4th meeting of the Committee on Industrial Safety Innovation), Korea Occupational Safety and Health Agency.

10,000 workers), after which it gradually declined to 1.01 in 2015 and 0.96 in 2016 (first time the rate went below 1). The number of occupational injuries and illnesses also slowly decreased from 98,645 in 2010 to 90,656 in 2016.

As shown by the two types of statistics, key figures related to occupational accidents have been on a steady decline. However, compared with developed nations, Korea's fatality rate per 10,000 people is still relatively high, meaning that it has not yet achieved the goal of establishing a "safe society". Against such a backdrop, this paper will examine what policy improvements are needed to ensure a safe and healthy workplace for workers and to facilitate the rehabilitation of workers suffering from occupational accidents and their return to society.

II. Directions on How to Improve Occupational Safety and IACI

1. Expanding the applicability of the regulations on occupational safety and the coverage of IACI to all workers

At present, the occupational safety regulations in Korea apply only to wage workers. In addition, the regulations have been designed mainly for the needs of the manufacturing industry where businesses tend to be large in scale. Thus, the requirements related to the scale of business to which a person to be in charge of safety and health management, a safety officer, and a health officer are to

Table 2. Coverage of IACI

Total of 24.9M Workers *		
Non-wage workers: 6.7M (Number of IACI beneficiaries: 69,000)**	Wage workers: 18.2M	
	Number of those not covered by IACI: 235,000	Number of IACI beneficiaries: 17.9M
Potential blind spots 27.6%		Real Coverage 72.4%

Note : *The total number of workers (24.910M): The number of workers according to the Economically Active Population Survey (25.936M) minus the number of government employees (1.026M).

**The number of IACI beneficiaries among non-wage workers: 50,000 workers in special types of employment (eligible workers: 456,000) + 19,000 workers including owners of trucking transport business, owners of passenger transportation service business, owners of construction machinery business, quick-service workers and artists.

Source : Statistics Korea, KOSIS (Korean Statistical Information Service) (downloaded on April 7, 2017); MOEL, 2015 Annual Report on IACI.

be assigned that are applicable to typical manufacturing businesses may not apply to the majority of businesses in the service industry due to their smaller scale. There is another problem with the regulations. Even within the manufacturing sector, accidents occur more often in small and medium-sized enterprises (SMEs) employing less than 50 workers. However, such SMEs are exempted from the requirement to assign safety- or health-related officers. Furthermore, some of the occupational safety and health regulations do not apply to the employees in the public sector. For public officials, there are rules governing compensation for occupational injuries or diseases but no preventive measures. Also, even if workers in special types of employment are automatically eligible for the IACI (Industrial Accident Compensation Insurance) benefits, they are not subject to the occupational safety and health regulations, and the proportion of those covered by the IACI is very small.

Beyond wage workers, the IACI has recently extended its eligibility to the self-employed without any employees, SME owners employing less than 50 workers, and workers special types of employment. However, it is apparent that such extension has had little more than a declarative significance because non-wage workers account for only 0.4% of all beneficiaries of the IACI. Also, as can be seen in Table 2, it is estimated that about 28% of all workers are employed in the blind spots of the IACI.

As shown above, it is difficult to say that the current

regulations on occupational safety and compensation for work-related accidents cover the entire workforce in Korea. Moreover, a recent surge in technological innovations, dubbed the 4th Industrial Revolution, is expected to blur the existing boundaries between different employment types. Therefore, there is an ever increasing need to expand the applicability of the regulations on occupational safety and compensation for work-related accidents beyond wage workers, to cover all those who offer labor in exchange for money.

In the short-term, the applicability of the Occupational Safety and Health Act should be extended so that all wage workers including those in the service industry can reap tangible benefits. Also, the regulations within the Act on occupational safety for workers in the public sector should be strengthened. In addition, it is crucial to seek practical measures to increase the percentage of IACI beneficiaries among workers in special types of employment, all of whom are automatically eligible for the IACI.

In the long-term, the legal system should be re-designed in a way that enhances industrial safety and compensation for occupational accidents for all workers. To encourage all workers to become the beneficiaries of the IACI, it may be necessary to consider changing the method of collection of ICAI premiums, following the way value-added taxes and other indirect taxes are collected. In other words, the occupational safety regulations and the IACI should apply to any act of providing labor.

2. Reducing serious accidents and strengthening responsibilities of principal employers

From the perspective of human dignity, the need to reduce the number of serious accidents cannot be overstated. Moreover, if such serious accidents occur more often among vulnerable groups, the problem is linked to the basic morality of society. Recent statistics indicate that over 85% of all deaths resulting from occupational accidents in 30 major Korean companies occurred among workers hired by contractors. And, by type of accident, more than 66% of them were simple accidents involved falls, being stuck between objects, collision, being trapped by collapsing or overturning object (MOEL, Report on Occupational Accidents in 2016). The fact that serious deaths caused by simple accidents occur mostly among workers of contractors suggests that the current practice of contracting out work and the allocation of responsibilities for occupational safety between principal employer and contractor should be re-examined. Although a number of bills aimed at strengthening occupational safety and health of workers of in-house contractors were introduced in 2016, they saw no meaningful action until the following year.

Under the current structure of contracting out work, contractors perform their assigned work without being aware of the tasks performed by the other contractors. Therefore, the responsibility for comprehensive management of occupational safety should be placed upon the principal employer (or a client company) to ensure a safe working environment for workers that belong to various contractors. To strengthen preventive efforts against accidents, the principal employer should be directly responsible for assigning safety and health officers based on the number of workers (including workers of contractors) ordinarily employed in its workplace, providing the safety and health education, as well as taking safety and health measures. The principal employer should also grant workers of contractors the rights to participate in inves-

tigation of causes of industrial accidents, to serve in the occupational health and safety committee, and serve as an honorary occupational safety inspector. Furthermore, the principal employer must be obligated to include the accidents occurring in the business of contractors as part of its accidents when compiling statistics on industrial accidents, and appropriate funds for occupational safety and health management in the amount of the contract. Another suggestion is to consider introducing a system of mandatory disclosure of safety and health management practices—including details of personnel and investments in the safety and health measures—for large enterprises.

3. Securing the expertise in the industrial accident prevention system

The preventive efforts are led by the Industrial Accident Prevention and Compensation Bureau at the Ministry of Employment and Labor. The bureau establishes the plans for industrial accident prevention, which are implemented by the Korea Occupational Safety and Health Agency (KOSHA). Some of the prevention work is contracted out to private firms. In a nutshell, the KOSHA plays a key role in the activities of industrial accident prevention and the private sector plays a supporting role.

When an industrial accident occurs at places of business, the occupational safety inspector at the branch office of the Ministry of Employment and Labor checks the accident site. If it is determined that the primary responsibility for the accident is on the business owner, the case is transferred to the responsible prosecutor of the concerned district, who will make a decision on whether to bring in criminal charges. In short, the industrial accident supervision system is made up of the occupational safety inspectors at the Ministry of Employment and Labor and the prosecutors at the concerned district public prosecutor's office. The approach is similar to how police takes care of investigation process while prosecutors file indictments.

The problem is that both the preventive system and the supervision system lack sufficient expertise. Of course, the KOSHA staff is likely to accumulate expertise over time because their duties will continue to be in the area of industrial accident prevention even if there are some personnel transfers. However, the importance of tacit knowledge which can be obtained by those working in the field through experience and repetitive learning cycles should not be underestimated. Although there may be a number of KOSHA employees with tacit knowledge regarding the prevention of industrial accidents, it will definitely be hard for any agency employees to easily acquire tacit knowledge that can only be gained from working in the field for a long time. Such a lack of expertise should be addressed by recruiting experienced workers or by outsourcing the work itself to private firms. However, analysts claim that even the private sector is not properly equipped with the needed expertise. Therefore, policy-making authorities should strive to build a system that can secure expertise of those handling the industrial accident prevention activities.

The same approach should be taken for the supervision system. The occupational safety inspectors at the Ministry of Employment and Labor and the prosecutors all go through job rotation, which undermines the process of building expertise in one particular field. The industrial accident prevention activities require technical knowledge so it is especially essential for those handling the prevention activities to have expertise. In this light, it is necessary to create a permanent, dedicated job position for the occupational safety inspectors and the prosecutors specializing in industrial accidents. The idea of establishing an agency dedicated to ensuring occupational safety and health, as suggested by some experts, is also in line with the above-stated need to enhance the expertise of both the preventive system and the supervision system.

4. Expanding recognition of industrial accidents and strengthening measures on work-related diseases

Although the majority of industrial accidents are accidents on duty, there have been an increasing number of work-related diseases as well. In particular, the scope of “occupational accident” has been broadened from physical damages to include mental and psychological risks including death from overwork, panic disorder, stress from emotional labor, and bullying/harassment at work. And, as the 4th Industrial Revolution, characterized by massive technological changes, is expected to dramatically affect the way we work, it is very difficult to predict what kind of risks and hazards those changes will entail.

Under the Korea Workers’ Compensation & Welfare Service (COMWEL), the Occupational Disease Adjudication Committee has been set up in major regions of the country. Going beyond handling the administrative tasks of adjudication, the Committee needs to strive to strengthen its expertise in addressing work-related diseases by cooperating with the researchers of the KOSHA. Such a measure requires long-term efforts since it starts from securing objective data and engaging in research activities. However, it is important to remember that work-related diseases can be “discovered” in a sense. For instance, it was only through research and technological advancements that people discovered a correlation between smoking and lung cancer and sought to decrease its incidence rates. The Occupational Disease Adjudication Committee should also work with the KOSHA in acquiring professional knowledge of work-related diseases and devising measures for newly-discovered diseases.

In addition, policy-making authorities should also take a forward-looking approach in recognizing occupational accidents. Although the need to minimize serious accidents is obvious, simply curbing the number of occupational accidents does not guarantee a safe workplace. Pur-

suings policies focused solely on reducing accidents may backfire, e.g. it may lead to less likelihood of the authority recognizing an injury, disease, or disability to be an occupational accident, and the underreporting or cover-up of occupational accidents. The latter can be addressed by establishing a system where physicians can make verification in the treatment process. It is necessary for policy-making authorities to classify accidents into “vicious” ones—such as serious accidents such as fatal ones, those caused by negligence that could have been prevented, or those occurring often among vulnerable groups—and non-vicious ones so that they can implement targeted policy programs.

5. Enhancing Statistics on Industrial Accidents

The above-mentioned statistics on industrial accidents are close to the number of accidents recognized under the IACI. Although the official statistics on industrial accidents are compiled by the KOSHA, they are based on the number of accidents approved (recognized) by the COMWEL. Therefore, the official statistics on industrial accidents can be affected not only by the prevention efforts

but also slightly by the approvals of the COMWEL.

Like Korea, there are countries that compile statistics on industrial accidents based on the results of the number of recognized accidents. Some also conduct surveys on business establishments or households to collect the related data. Korea also conducts the Occupational Safety and Health Trends Survey on business establishments and the Working Conditions Survey on households. However, the two surveys are not annual surveys so it would be desirable to conduct them on an annual basis. In addition, with an aim to enhance the preventive effects, policy-making authorities should fully utilize the results of the two surveys. Apart from examining the accidents approved by the COMWEL, the authorities should have a clear picture of the incidence of industrial accidents based on the results of the two surveys and analyze the characteristics of those accidents, which would lay a firm foundation for establishing effective prevention policies. Although the two survey results are currently compiled by the KOSHA and their statistical quality is assessed on a regular basis by Statistics Korea, ensuring the reliability of the statistics would be most important.

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