

# Securing Equal Work Opportunities: The Republic of Korea’s Mandatory Quota Policy and Training to Promote Employment of People with Disabilities

## Introduction

Even as the Republic of Korea experienced rapid economic and industrialization beginning in the 1960s, until the late 1980s the welfare and employment of people with disabilities were not high priorities. The first formal employment policy for people with disabilities was enacted in the 1950s and 1960s, and it focused on military veterans and police officers. In 1963, the government established the Industrial Accident Compensation Insurance Act to cover people with disabilities as a result of industrial accidents. Although the scope of the early initiatives was relatively limited, awareness of the rights of people with disabilities increased throughout the 1980s, both internationally and domestically. The United Nations designated 1981 as the Year of the Disabled, and in 1983, the International Labour Organization adopted the Vocational Rehabilitation and Employment (Disabled Persons) Convention (No. 159). To keep up with surging international recognition of the rights of people with disabilities, Korea established the Act on Welfare of Physically and Mentally Disabled Persons in 1981 and designated April 20 as the Day for the Disabled. In 1982, employment promotion, job development, and support for employment of people with disabilities were legislated in the Employment Security Act, which was later reinforced with specific details to make employment of people with disabilities more effective. With the international attention given to the 1988 Seoul Olympics and Paralympics Games, public opinion in Korea was increasingly focused on this issue, which became part of the agenda for the presidential election in December 1987.

## Development Challenge

The challenge for Korea was designing and implementing an effective and sustainable policy to promote the employment of people with disabilities. Labor force participation was considerably lower among people with disabilities than among the general population.

## Intervention

In 1990, policy makers passed the Promotion, Etc. of Employment of Disabled Persons Act in response to growing public attention to this issue. The act required employers with 300 or more full-time employees—including national and local governments, public organizations, and private enterprises—to fill 2 percent of all positions with people with disabilities. Employers that did not meet this requirement were subject to levies. Also, in September 1990, the government established the Korea



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### PROJECT DATA

**SECTOR:**

Employment; Social Inclusion

**DEVELOPMENT CHALLENGE:**

Increasing the Employment Rate of People with Disabilities

**DELIVERY CHALLENGES:**

Lack of Regulation and Legislation; Awareness and Communication Strategy; Skilled Human Resources

**COUNTRY:**

Republic of Korea

**REGION:**

East Asia

**PROJECT DURATION:**

1990–present

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Employment Agency for the Disabled (KEAD), which was in charge of implementing the quota policy. The Ministry of Labor established a division under its jurisdiction to develop policies related to the employment of people with disabilities. Meanwhile, KEAD executed specialized support programs. Those efforts divided public sector roles into two main areas: (a) policy development and (b) hiring and training processes.

The government developed policies to promote the employment and welfare of people with disabilities, yet those plans faced several challenges and limitations when they were implemented, including a lack of awareness and acceptance among business owners and a need to support skills development for people with disabilities. The Korean government iteratively adapted the policy to more effectively implement its provisions, working both through amendments to the legislation and through administrative adaptations in KEAD's work. The Ministry of Labor's Employment Promotion Plan for the Disabled (1994–97) increased employment promotion subsidies, supported schools and welfare institutions for people with disabilities, provided training and skills, helped business owners upgrade their facilities and work environment to accommodate workers with disabilities, and established a month of awareness highlighting employment of people with disabilities. In 1995, the Promotion, Etc. of Employment of Disabled Persons Act was amended to include government support to set up welfare centers for people with disabilities and to link vocational training centers and companies to facilitate the hiring of employees with disabilities. Nevertheless, by 1997, the employment rate for people with disabilities was just 0.5 percent. Rather than actually hiring workers with disabilities, companies were choosing to pay the levies imposed for failing to meet the employment quota.

In 1997, the government established its first Five-Year Plan for Development of Welfare of the Disabled. The plan was intended to build businesses' capacity to employ people with disabilities and to increase cooperation between ministries involved in implementing this program. The first plan (1998–2002) saw the creation of specialized training centers. One center had been previously established in Ilsan, a satellite city of Seoul, in 1991; the plan set up training centers in other major cities, including Daejeon, Busan, and Daegu. The plan also expanded disability quota requirements to include people with disabilities who had provided distinguished service to the state and people with disabilities from industrial accidents. During the terms of the first (1998–2002) and second (2003–2007) Five-Year Plans, the employment rate of people with disabilities in the public and private sectors steadily increased. However, the system did not adequately provide for people with severe disabilities. Such individuals needed additional policy support.

## **Addressing the Delivery Challenges**

When the mandatory employment quota was enacted, a number of challenges arose. The policy promoting the employment of people with disabilities lacked systems and resources. Even after KEAD was established (in September 1990) and launched employment services for people with disabilities, specific measures to enforce the law and to support implementation of the system, as well as human resources and infrastructure, were insufficient and unready. Many businesses had an unfavorable view of the mandate to hire people with disabilities, and many job candidates lacked the skills needed to market themselves to employers. The policy also faced financial challenges. The Employment Promotion Fund for the Disabled, which was meant to provide resources to implement the policy, was depleted by the early 2000s.

## **Addressing the Lack of Systems and Resources**

To address the enforcement challenge, policy makers passed the Employment Promotion and Vocational Rehabilitation for Disabled Persons Act in 1999, amending the previous act. The key changes included in the 1999 act were as follows: (a) a definition of people with severe disabilities, with the goal of ensuring their inclusion in the system; (b) expansion of the employment system to include, for example, sheltered employment opportunities—special workplaces that provided additional support for people with severe disabilities; (c) new regulations to support people with disabilities who were self-employed; and (d) provisions requiring the state and local governments to conduct a national survey on the status of people with disabilities (previously the survey was recommended but not required).

The act took a number of measures to expand the employment of people with disabilities. First, the number of businesses obliged to meet the mandatory quota was expanded to include those with 50 or more full-time workers—a

change that created about 38,000 jobs for people with disabilities. Also, the government reduced the scope of businesses that were exempted from the quota. Originally, the government set certain exemptions for industries and for job positions that policy makers thought might experience difficulties employing people with disabilities. The government reduced the percentage of public sector positions exempted from the quota in 2005 and abolished exemptions entirely in the private sector. The government progressively raised the mandatory employment quota in both the private and the public sectors from approximately 2 percent to 3 percent.

### **Tackling Skills Shortages**

To address the skills shortages among people with disabilities, the Korean government implemented a number of measures through a series of mid- to long-term plans, such as the Five-Year Plan for Employment Promotion of the Disabled. To secure the budget for the plans, the government relied on the levies. Although additional funding from the general account and social insurance (including employment insurance) was still necessary to implement the employment policy for people with disabilities, funds collected from the levies have allowed the vocational training program to survive shortfalls. To address the insufficient number of vocational training centers for people with disabilities, the government identified public and private institutes that already offered vocational training. It then subsidized the cost of training people with disabilities in those institutes, offering people with disabilities additional social, training, and career opportunities. KEAD also introduced trainings tailored to the specific needs of industries and individuals (for example, trainings that sought to build on individuals' specific strengths), in addition to its general training programs.

### **Raising Awareness of Discrimination**

To deal with discrimination against people with disabilities, the Korean government made legal changes and introduced education initiatives. In 2008, the Act on the Prohibition of Discrimination against Disabled Persons, Remedy against Infringement of their Rights, Etc. was enacted. The act specified the prohibition of business owners from discriminating against people with disabilities in "recruitment, employment, wages and benefits, education, assignment, promotion, transference, retirement, and dismissal" (Jun et al. 2017). A 2007 revision of the Employment Promotion and Vocational Rehabilitation for Disabled Persons Act (Article 5.3 of the act) has required business owners to provide education on disability issues since 2008. These provisions were intended to lower the employment barrier and to accomplish stability in employment by preventing discrimination against people with disabilities in the employment process or at work. The legislation also stipulates that the minister of labor must develop and disseminate educational information to improve awareness on people with disabilities (Article 5.4 of the act). To implement this rule, KEAD developed a program to lessen discriminatory practices in employment of people with disabilities. The program encompasses the issues people with disabilities may face at different stages of employment, such as recruitment, tests, interviews, education, promotion, and job assignment.

### **Lessons Learned**

This case suggests a few lessons for efforts to increase the inclusion of people with disabilities who want to work.

#### **Combining a Systematic Vision with Adaptive Implementation**

The role of the government in promoting the employment of people with disabilities was strengthened and adapted continuously over time, especially since the revision of the Employment Promotion and Vocational Rehabilitation for Disabled Persons Act in 1999. The major policy change was the expansion of the number of companies subjected to the mandatory employment quota system. The percentage of positions exempted from the quota was also reduced or abolished. The mandatory employment percentage was raised from 2 percent when the law was enacted to 3 percent in 2009. The percentage of labor force participants who have disabilities now exceeds 2 percent. The success of the series of Five-Year Plans highlights the importance of a combination of systematic planning with adaptive implementation, particularly in mid- to long-term policies that seek to change social norms.

## Funding Policies for Inclusion

Implementation of this policy required a significant budget. Korea spent ₩270 billion (US\$235 million) in the 2015 fiscal year. Korea imposes levies on companies that fail to satisfy the mandatory hiring quota and uses those levies to finance a fund that promotes the employment of people with disabilities. The fund became depleted in early 2000, creating performance issues for policy. To tackle this problem, the amount of the subsidy paid to business owners who exceeded the mandated employment percentage was adjusted, and different levy rates, depending on the business's employment rate, were imposed on businesses whose percentage fell below the mandated level. These actions stabilized the fund, allowing the employment policy to be implemented more effectively. The money taken in from the levy system provides a stabilizing base for the fund, which indicates that benchmarking the levy system was an important step in ensuring that there was a budget sufficient to implement the policy.

## References

Jun, Younghwan, Eona Kim, Young-Hyeon Nam, Min-Su Byeon, and WonHo Kim. 2017. *Securing Equal Work Opportunities: Korea's Mandatory Quota Policy and Training to Promote Employment of People with Disabilities*. KDI School/Global Delivery Initiative. <http://www.globaldeliveryinitiative.org/library/case-studies/securing-equal-work-opportunities-korea%E2%80%99s-mandatory-quota-policy-and-training>.



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