

A Study on Corporate Support for Employment of Retirees in Gyeongsangnam-do Employment Crisis

¹Yumi Jang

¹Dr., Design Institute, Inje Univ., Korea
jangyoume@hanmail.net

Abstract

Gyeongsangnam-do needed an employment stability response policy to induce re-employment of job seekers who retired due to large-scale unemployment and job instability following the employment crisis, and stable settlement and long-term employment after new employment. This study is to confirm the effective corporate support policy as an employment promotion strategy through new recruitment of the employment crisis in Gyeongsangnam-do. A total of 380 companies in Gyeongsangnam-do were targeted for the survey through online surveys and in-person surveys. As a result of the study, as a measure to improve working conditions through financial support for long-term employment stability, first, support for youth-middle-age asset formation of SME workers is required, and second, support for old-age income guarantee for SME workers was proposed. Third, direct corporate subsidies are continuously needed for job promotion and job stability of Gyeongsangnam-do companies.

Keywords: *Employment Crisis, Employment Retention, Employment Promotion, Corporate Subsidy, Employment Security Response Policy*

1. INTRODUCTION

In Gyeongsangnam-do, the population, that is, the economically active population, is continuously decreasing and the regional movement of the labor force is accelerating. In particular, in an era of great digital transformation, various industrial innovations are being strategically pursued. However, the employment situation is worsening due to the US-China trade war and the COVID-19 outbreak. Even in the external environment, Gyeongsangnam-do's manufacturing industry was directly affected by the employment crisis or was able to achieve a planned economy through long-term strategies. However, the employment deterioration of SMEs and small business owners have become more serious due to differences in preferred occupations and plans between generations. In 2020, the overall corporate economy was difficult due to the Corona 19 crisis, but it rebounded for a while in 2021, but in 2022, the economy is in trouble in various ways due to the effects of Corona 19 and the Ukraine war [1, 2].

When looking at the rankings among OECD countries in terms of employment and unemployment rates from 2011 to 2019 as major employment indices, they showed a steady decline. The gap with the OECD average widened as our employment rate stagnated at 66% since 2015, while the G7 countries and the four

Nordic countries saw steady increases in their employment rates. As for the age-specific employment rate, the elderly was higher than the OECD average in Korea, but the young people were much lower than the OECD average. The gap in the employment rate (ages 15-64) was 0.2%p lower than the OECD average in 2014, but the gap has widened since then, and in 2019, Korea was 1.9%p lower than the OECD average. 2020-2021 belonged to a group of countries with a small employment shock due to COVID-19, but from 2022, the employment and unemployment rates are changing due to the economic downturn [3, 4].

Before COVID-19 (2011-2019), Korea's major employment indicators continued to be sluggish. The employment impact of COVID-19 in Korea is relatively small, but considering that our employment indicators have been sluggish since pre-COVID-19, even if employment recovers to the pre-COVID-19 level, it is difficult to see that the employee has not improved sufficiently as it is lower than the OECD average employment rate. Even if Korea's employment rate recovers to the pre-COVID-19 level, it is expected to still fall below the OECD average employment rate. In particular, among the youth (ages 15-24), the gap in the youth unemployment rate between Korea and the OECD average widened to 7.6% in 2012, showing a good figure, but it is continuously increasing. Considering the case of employment contraction during the first and third pandemics of COVID-19, uncertainty in the job market may increase again [2, 3].

There were cases where the sluggish employment continued for a considerable period after the economic recovery even during the Asian financial crisis and the IMF financial crisis. The recovery rate is expected to be slower. To recover employment, it is necessary to alleviate the rigidity of the labor market, build a tight social safety net, and extend the period of support for employment maintenance subsidies.

2. EXPERIMENTS

2.1 Subject

This survey was conducted on small and medium-sized enterprises in Gyeongsangnam-do and was extracted by proportional stratification in consideration of the location of the company, the number of employees, and the main industry. A total of 380 questionnaires were surveyed through online and in-person surveys.

Table 1. Survey contents

Variable	Contents
Company status	company type, business type, location, main industry, major products, number of employees, manpower supply and demand status, wage, career, business status and forecast, new recruitment plan, preferred manpower, factors affecting recruitment
Employment policy evaluation	evaluation of support experience, information availability, and appropriateness of government and local government policies
Employment-related support policy	the need for direct and intermittent support, priority support measures, and satisfaction
Gyeongnam enterprises recruitment incentives	application experience, necessity, application conditions, reasons for difficulty in hiring new employees, effective application methods, improvement measures
Gyeongnam employment stability plan	points to consider when hiring new employees, priority measures for job retention, follow-up management
Gyeongnam Employment Security Response	Suggestions for middle-aged industrial mobility and employment, necessary businesses, and companies

2.2 Contents

The survey contents are shown in Table 1. The first part of the questionnaire review for the survey was organized through consultations with employment-related academic experts, the second was conducted through a meeting with a group of employment-related experts in Gyeongnam, and the third part was finally decided through discussion with the local government.

2.3 Data Analysis

Analysis and processing of data are organized through descriptive statistics based on R and proceed to the process of analysis and interpretation by processing data.

3. RESULTS

3.1 Company Status

Compared to 2019, the number of employees in companies with 30 or less did not change, but companies with 31 to 50 employees increased by 10.0%, companies with 51 to 100 employees or less decreased slightly, and the number of employees for companies with 100 or more did not change.

It was found that the supply and demand of manpower at companies was generally insufficient, and the age of 40-49 years, the major experienced, had the highest average age, and it was identified that those with 3-5 years of experience needed the most. Employment maintenance support for workers after hiring is important as follow-up management in terms of human resources management. Appropriate employment security policies suitable for the age group of 40-50 are most needed.

As the largest number of intentions for hiring new manpower at Gyeongnam companies was 'they are willing to hire new manpower and have a plan', it could be predicted that employment would increase if there was support for recruitment.

Although there is a difference in the wages of new and experienced workers by company, it was confirmed that when applying for the <Enterprise Recruitment Incentive>, it is necessary to formulate a subsidy that can fill the gap between the wages of experienced workers and newly hired workers by considering the wages of each company. It was found that when a retiree with an employment crisis is newly hired, it is necessary to formulate a <corporate employment subsidy> that takes into account the wage difference if they are experienced workers.

3.2 Employment Policy Evaluation

Overall, the majority of respondents answered, 'I know but have not applied for employment-related business experiences of the government and local governments', and 'I did not apply because I did not know' about job support suitable for young adults. I know about the application for each company surveyed, but the reason for not applying may be due to the burden of 'setting appropriate wages' or lack of manpower such as 'there are no experienced workers to hire'. It can be seen that through frequent consultations, it is necessary to provide customized information and support that reflects the needs of each company. It was found that the average level of satisfaction with the employment policies of the government and local governments was found.

In response to the evaluation of government and local government employment-related support, both detailed support projects and overall projects answered 7 out of 9 points, confirming that they were generally satisfied with the current various support projects and needed. Among these support projects, unlike the employment support project for each generation, the employment promotion incentives showed low scores

despite the similar contents. Among the detailed support, the necessary part for ‘tax reduction or exemption’ has the highest score, so it can be considered in a crisis for job stability.

3.3 Employment-related Support Policy

In the companies surveyed, the demand for direct support was higher than indirect support, and the required score for support such as tax reduction or exemption was the highest for direct support. In indirect support, the required score for commuting vehicle support was the highest. When there is direct support, most of the opinions are that companies will use the workers' labor costs for the first time. In indirect support, workers' transportation expenses or commute vehicle (bus) support required scores were high, but companies responded that they would support workers' fisherman-related education expenses first, giving priority to job expertise over worker welfare support for business operation.

3.4 Gyeongnam Enterprises Recruitment Incentives

Regarding [Gyeongnam Enterprise Recruitment Incentives] the highest response was that it was necessary, regardless of whether or not they had previous application experience. Among the application conditions of [Gyeongnam Enterprise Recruitment Incentives] the amount of support was the most influential factor in selecting a company, so the amount of support per person, that is, the amount of support and duration of support, was the most important. The reason why hiring is difficult even after applying for [Gyeongnam Enterprise Recruitment Incentive] is that the 1st priority is lack of job-related competency when applying for corporate work, 2nd priority is employee personal reasons such as spending or leaving work, and 3rd priority was a maladaptation to the changing organizational culture.

The support methods were lump sum payment (after fulfillment of the application period), payment (after fulfillment of obligations), and direct support method. If the support method is decided in consideration of this in the future, it is expected that satisfaction with the company's support will increase. Among the responses that the government and local governments wished for improvement in employment promotion projects, the 1st priority was the amount of support, the 2nd priority was the application period, and the 3rd priority was the simplification of application conditions. Therefore, it is necessary to check the number of employees, determine the amount of support and the application period tailored to each company, and provide information in consideration of the administrative efficiency of the application conditions as a consideration for future employment incentive support.

3.5 Gyeongnam Employment Stability Plan

When hiring a new employee, the most important considerations for companies were job suitability (or professionalism) and character such as personality. Among the priority responses in recruitment, ‘employee labor cost support’ was confirmed as the 1st priority, ‘employment maintenance fund support’ as the 2nd priority, and ‘employee welfare support such as transportation expenses’ as the 3rd priority. Among the supports considered important by companies to maintain employment, ‘employee labor cost support’ was ranked first, ‘social insurance premium support’ was second, and ‘worker welfare support such as transportation expenses’ was ranked third. In the companies surveyed, it was found that labor cost support and employment maintenance support were the most necessary for the promotion of employment of retirees.

As follow-up management is necessary for job stability in companies, 324 (87.1%) of the companies wanted the most for ‘continuous support of employment maintenance funds for the same wage as current

workers’.

3.6 Gyeongnam Employment Security Response

The field of employment in which seniors are hired after they change jobs is the same field, and the field of employment was shown to be ‘existing manufacturing industry field’ as the 1st priority and ‘new technology-based manufacturing industry field’ as the 2nd priority. In order to secure employment for middle-aged and middle-aged people who are facing the crisis of retirement, it will be effective in promoting overall employment if training programs for job competency reinforcement are prepared in advance, or if the information on re-employment is provided centering on companies in similar fields. In response to the question that the Gyeongnam Employment Security Preemptive Response Support Center would like to support in order to promote and maintain employment, most companies said that they most needed financial support for employment. In order to create jobs for businesses in Gyeongsangnam-do, support for job retention tailored to each industry and job retention support tailored to the needs of each company were needed.

4. CONCLUSION

As can be seen from the research results, Gyeongsangnam-do companies (businesses) need direct subsidies for the time being to promote employment and secure employment. It is necessary to plan for the provision of 'corporate subsidy' for employment promotion or job stability. As 40% of middle-aged or elderly wage earners leave their main jobs in their 50s and face employment and income insecurity, a policy is needed to expand re-employment support services and allow them to work longer in their main jobs. Based on the performance of Japan's continuous employment system and Germany's gradual retirement system, we propose a working hour reduction subsidy that promotes continuous employment for long-term employees regardless of whether or not the retirement system is implemented. Since the combination of reduced working hours and continuous employment requires a change in the way of working, we expected that this will lead to discussions on job relocation, reorganization of work patterns, and improvement of the wage system [5].

Considering that small and medium-sized enterprises have a high need for retaining excellent manpower and transferring skills between generations, concerns that continued employment will benefit the large enterprises and the public sector may be reduced, unlike the extension of the retirement age [6]. In addition, the combination of reduced working hours and continuous employment can trigger discussions about the reorganization of wages and job structures in that it requires a change in the way of working [7].

A policy is needed to expand re-employment support services, such as career counseling, vocational training, and employment subsidies, so that middle-aged and elderly people who have changed jobs can find suitable jobs while allowing them to work longer in their main jobs. Therefore, employment subsidies that support them to continue working in their main jobs, among the employment subsidies for employers who hire incumbents over the age of 60, support for the extension of the retirement age, and support for re-employment of retirees should be activated [8, 9].

As a way to improve working conditions through financial support for long-term employment stability, first, we propose support for young asset formation of small and medium-sized enterprise workers. Second, we propose support for guaranteeing old-age income for small and medium-sized enterprise workers. For small and medium-sized enterprise workers, we suggested that the government additionally pay the national pension contribution at a certain rate during the contribution period [10, 11, 12].

ACKNOWLEDGEMENT

This work was supported by the Ministry of Education of the Republic of Korea and the National Research Foundation of Korea.(NRF-2020S1A5C2A02092454)

REFERENCES

- [1] Statistics Korea, *2019~2022 Economically Active Population Survey*, 2019~2022.
- [2] Statistics Korea, *2019~2022 National Account*, 2019~2022.
- [3] Bank of Korea, *2019~2022 Economic Trend*, 2019~2022.
- [4] OECD, *OECD Employment Outlook 2019: The Future of Work, OECD Employment Outlook 2020: Worker Security and the COVID-19 Crisis*, 2019.
- [5] B. M. Kim, "Analysis of reemployment decision of retired older," *Korea Review of Applied Economics(KRAE)*, Vol. 21, No. 1, pp. 117-152, Mar 2019.
- [6] S. H. Kang, "A Study on Reemployment Determinants, Job Satisfaction and Employment Stability of the Aged," *Journal of Employment and Career (JEC)*, Vol. 6, No. 3, pp. 112-135, 2016. DOI <https://doi.org/10.35273/jec.2016.6.3.006>
- [7] K. S. Park, "Factors affecting re-employment will and re-employment of the elderly workers," *Journal of Korea Academia-Industrial cooperation Society (JKAIS)*, Vol. 16, No. 6, pp. 3845-3857, 2015. DOI <https://doi.org/10.5762/KAIS.2015.16.6.3845>
- [8] J. M. Sung and Z. Y. Anne, "What Makes the Older Work for Satisfactory Lives?," *Quarterly Journal of Labor Policy*, Vol. 6, No. 1, pp. 39-74, 2006.
- [9] J. Y. Lee, "Determinants of the Old-aged Workers' Reemployment: Competing Risk Analysis of Work Status," *Korea Journal of Population Studies*, Vol. 44, No. 3, pp. 1-22, 2021.
- [10] H. S. Oh and S. H. Pyun, "A Study on the Influence Factors of Reemployment of Older People," *The Journal of Social Convergence Studies*, Vol. 5, No. 3, pp. 13-28, 2021. DOI <https://doi.org/10.37181/JSCS.2021.5.3.013>
- [11] J. Y. Yang and H. W. Go, "The Determinants of Middle aged and Elderly Job Seeker's Employment," *Korean Corporation Management Review*, Vol. 23, No. 5, pp. 69-90, 2016.
- [12] K. H. Kim and T. Kim, "A Study on Welfare Policy for the Aged for the Elderly and Jeong Yak-Yong's Awareness in the Mokminsimseo," *International Journal of Advanced Culture Technology (IJACT)*, Vol. 10, No. 2, pp. 79-85, 2022. DOI <https://doi.org/10.17703/IJACT.2022.10.2.79>