

# 전국민 고용보험 도입방안 연구

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고용노동부

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## 국외훈련 개요

1. 훈련국: 영 국

2. 훈련기관명: KDI 국제정책대학원,

버밍엄 대학교 (University of Birmingham)

3. 훈련분야: 고용노동

4. 훈련기간: 2021. 1.4. ~ 2022.12.31.

# 훈련기관 개요

1. 훈련기관명: 버밍엄 대학교 (University of Birmingham)
2. 주소: Edgbaston, Birmingham, United Kingdom (B15 2TT)
3. 홈페이지 주소: [www.birmingham.ac.uk](http://www.birmingham.ac.uk)
4. 연혁 및 조직
  - 버밍엄대학교는 영국에서 가장 오래된 Red Brick University 중 하나로, 1900년도에 설립되었고, 영국 연구대학들의 모임인 러셀그룹(Russel Group)의 일원
  - 인문·법학대학, 공학·물리대학, 생명·환경대학, 의학·치의학대학, 사회과학 대학 총 5개 대학과 대학원으로 구성, 각 대학에는 많은 스쿨이 포함
  - 과학분야에서 출발한 대학으로, 상경 및 사회과학 분야의 연구에도 특화
5. 소속학과
  - 사회과학대학(College of Social Sciences) 소속의 사회정책학과(School of Social Policy)에서 Social policy MA 과정을 수료
  - 동 과정에서는 다양한 사회문제(빈곤, 불평등, 건강, 범죄 등)에 대한 연구를 진행하고, 이를 통해 근본적인 원인 분석, 해결을 위한 정책대안을 제시할 수 있도록 지도
  - 또한, 사회정책의 발전과정을 연구하여 영국 또는 국제적 관점에서의 정치, 경제 및 사회적 맥락에서의 복지제도 변화에 대해 학습
  - 총 1년 과정으로 총 6과목(120학점) 이수 및 논문(60학점) 제출 필요

# 훈련결과보고서 요약

성 명	이 지 수	직 급	행정사무관
훈 련 국	영 국	훈련기간	2021.1.4. ~ 2022.12.31.
훈련기관	KDI 국제정책대학원, 버밍엄 대학교 (University of Birmingham)	보고서 매수	101 (학위논문 대체)
훈련과제	전국민 고용보험 도입방안 연구		
보고서 제목	Challenges of the Employment Insurance System Due to Changes in the Labour Market: Its Implications for Expanding the Coverage of Employment Insurance in South Korea		
내용요약	<p>1. 논의 배경</p> <ul style="list-style-type: none"> <li>○ 실업보험제도는 많은 국가에서 실업으로부터 노동자를 보호하는 대표적인 사회보장체계로 기능</li> <li>○ 이러한 실업보험 제도는 노동시장의 구조적 양상에 기반하여 형성되는데, 한국을 포함한 많은 국가에서 실업보험은 전통적인 노동관계에 기반하여 설계, 운영되어 옴 (OECD, 2018)</li> <li>○ 하지만 최근, 전통적 형태의 노동자와는 상이한 특징을 가진 비정형 노동자(non-standard workers)의 규모가 증가하고 있고, 이러한 상황은 기술발전에 따른 각(gig) 경제로의 전환에 따라 더욱 심화되고 있음             <ul style="list-style-type: none"> <li>- 디지털 플랫폼의 발달로 인한 플랫폼 노동자의 증가는 이를 잘 보여주고 있는데, 실제 영국에서는 플랫폼을 활용하여 노무를 제공한다고 응답한 노동자의 비율이 2016년 5.8%에서 2021년 14.7%로 증가하였음</li> </ul> </li> <li>○ 비정형 노동자의 경우, 사회보장체계의 사각지대에 있는 경우가 많음</li> </ul>		

- 또한, 전통적으로 자영업자의 소득감소는 사회적으로 보호해야 할 '실업'의 범주에 충분히 포섭되지 못하여, 한국을 포함한 많은 국가에서 자영업자에 대한 사회적 보호수준 역시 비교적 낮은 상황
- 더욱이, 사용자와의 종속성이 약화된 고용형태가 증가함에 따라 종속적 고용관계와 자영업의 경계가 흐려지고 있어, 자영업자의 범주 역시 확대되고 있는 상황
- 실제, 많은 국가에서 자영업자와 비정형노동자는 실업보험으로부터 보호받지 못하거나, 자발적 가입의 형태로 운영되는 경우가 많음. 실제로 EU 국가 중 6개 국가만이 일반 노동자와 같은 수준으로 자영업자에게 실업보험을 적용하고 있음 (OECD, 2018)

- 이러한 비정형노동자는 보다 세분화된 특정한(specified) 업무를 수행하고 있고, 사용자와의 종속성도 상대적으로 약해 경제위기 시 실업 또는 소득감소의 위험에 더 크게 노출될 수 있는 점을 고려할 때, 이들을 위한 사회보장체계의 확충은 주요한 과제
- 이 연구는 이러한 문제의식에 기반하여, 한국의 고용보험제도가 변화하는 노동시장에 적절히 대응하고 있는지에 대한 현황을 진단하고, 한국의 제도가 가지는 한계를 극복하기 위한 제언 도출을 위해 주요 해외(영국, 프랑스) 사례를 분석, 시사점을 도출하고자 하였음

2. 현황 및 문제점

- 한국의 경우, 2018년 기준 전체 실업자 중 45%가 실업급여를 지급받고 있는 것으로 나타나 고용보험의 적용범위에서 개선해야 할 측면이 존재
- 이러한 사각지대는 크게, (1) 법적으로 보호되지 않는 제도적 사각지대와, (2) 적용 대상임에도 실제로 적용되고 있지 않은 실질적 사각지대로 구분됨
- 이러한 사각지대가 발생하는 이유는 크게 두 가지로 구분됨

	<ul style="list-style-type: none"> <li>- 첫째로, 피보험자격을 판단하여 보험료를 부과하고 징수하는 기준 및 방법이 다양한 고용형태를 충분히 포섭하기에 한계를 보인다는 점임. 한국에서는 사용자가 노동자의 피보험자격요건 판단에 필수적인 근로시간 및 임금에 대한 정보를 근로복지공단에 제공하도록 되어 있고, 이는 사업장 단위로 확인되는 고용계약서 및 임금대장 등 자료에 기반하고 있음. 이러한 방식은 사용자와의 종속성이 약해지는 경향이 나타나고 있는 현재의 노동시장에서, 다양한 고용형태의 노동자들의 피보험자격을 판단하는데 한계를 지닐 수 있음. 또한 피보험자격요건 및 실업급여 수급요건은 전통적인 노동관계를 전제하여 설정되었는데, 사용자를 특정하기 어렵고 근로시간이 불규칙적인 비정형 근로자들에게 적용하기 힘든 요건(예: 근로시간, 실업(또는 소득감소)의 비자발성 등)이 있는 것으로 보여, 이 부분에 대한 개선이 필요하다고 보여짐</li> <li>- 둘째로, 현재의 의무 고용보험제도에서는 사용자와 노동자가 보험료 납부 부담을 분담하여 지고 있는데, 보험료 부담을 사용자와 분담할 수 없는 노동자(예: 자영업자, 프리랜서, 일부 플랫폼 노동자 등)의 경우 보험료 부담으로 인해 제도 적용의 애로사항이 있을 수 있다는 점임. 사회보험은 국민에게 발생하는 사회적 위험을 보험 방식으로 대처함으로써, 국민의 건강과 소득을 보호하는 제도로 보험의 원리를 따르지만, 동시에 복지제도로써 공공적 성격 역시 가져야 함. 그러기 위해서는 임의적용이 아닌 의무 적용으로서 피보험자들간 어느 정도 동등한 수준의 보험료 납부 및 실업급여 혜택이 적용될 수 있어야 함. 하지만, 현재 자영업자에 대한 고용보험은 임의가입 형태일 뿐만 아니라, 보험적용에 필요한 소득수준에 대한 정보가 충분하지 않아 다소 보수적인 방식으로 보험료 및 실업급여 수준을 책정하고 있음. 이는 소득파악체계의 불완전성으로 인해 발생할 수 있는 도덕적 해이를 방지하기 위해 본인의 소득수준을 임의로 선택하도록 하고, 실업급여 수준은 임금근로자에 비해 상대적으로 낮게 책정하는 등의 설계를 할 수밖에 없었기 때문임</li> </ul>
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### 3. 사례 연구

#### (1) 영국

##### ○ 제도 개괄

- 영국은 1911년 법적 실업보험을 최초로 도입하였는데, 초기에는 주로 저소득 노동자를 대상으로, 실업이 빈번하게 발생하는 일부 산업에만 제한적으로 적용되었음. 이는 1945년 집권한 노동당이 베버리지 보고서(Beveridge Report)를 기반으로 전국민을 포괄하는 사회보장제도를 건설함으로써 변화함. 가장 큰 변화는 이전까지 사회보험별로 나뉘어져 있던 체계를 국민보험이라는 단일제도로 통합하여, 이를 통해 실업급여를 포함한 다양한 사회적 급여를 지급하도록 한 것임
- 보험료는 고용형태(employee vs self-employed)와 소득에 따라 4가지 부류(class)로 구분하여 부과하고, 보험료는 근로시간 등에 관계없이 일정 수준 이상의 소득이 발생하는 경우 부과됨
- 영국의 국민보험 관련 보험료의 부과 및 징수업무는 조세당국인 HM Revenue and Customs (HMRC)에서 총괄적으로 담당하고 있고, 급여지급과 관련된 업무는 노동연금부 (Department of Work and Pensions)에서 담당
- 보험료를 납부하는 피보험자의 고용형태에 따라 보험료 산정을 위한 소득산정 방법이 달라지는데, 먼저 임금근로자(employee)일 경우 PAYE (Pay As You Can Earn) 라는 시스템을 활용하고 있음. 사용자들은 근로자의 임금 관련 정보를 PAYE에 등록하고, 고용보험료를 근로자의 임금에서 공제한 뒤 PAYE에 납부함. 이 때, 고용보험료는 사용자와 근로자가 분담하고 있음. 반면, 자영업자의 경우, 1년에 한번 Self-assessment를 통해 본인의 소득(profit)을 HMRC에 알리고, 이에 따라 소득수준에 맞는 고용보험료가 부과되고 있음. HMRC는 이렇게 수집된 소득정보에 기반하여 고용보험료와 소득세를 징수함

- 영국의 실업급여는 고용형태에 따라 크게 두 가지 형태로 지급되고 있음. 첫째로, 임금근로자의 경우 기여형 방식으로 운영되는 New style Jobseeker's Allowance (JSA)를 지급할 수 있고, 이는 연령에 따라 정액으로 최대 182일 지급됨. 이렇듯, 영국이 보편적인 사회보험체계를 운영하면서도 기여형 실업급여 지급에서 자영업자를 제외하고 있는데, 그 이유는 크게 (1) 자영업자는 자신의 노동을 자율적으로 조절할 수 있어, 실업의 범위를 확정하기 어렵다는 점, (2) 자영업자에 부과되는 고용보험료가 임금근로자에 비해 낮아 동일한 형태의 급여를 지급하기 곤란하다는 점임.
- 이를 보완하는 방안으로, 영국에서는 또 다른 형태의 실업급여인 income-based JSA를 운영하고 있는데, 이는 기여형 급여가 아니라, 자산조사를 통해 지급되는 일종의 실업부조임. 이를 통해 기여형 JSA 지급이 불가능한 자영업자에 대한 사회보장시스템을 보완하고 있고, 이 급여는 2012년 Welfare Reform Act 이후, Universal Credit으로 통합되어 운영되고 있음

○ 노동시장 변화 관련 이슈

- 영국의 사회보험은 적용범위에 있어 보편성을 추구하고 있지만, JSA로 대표되는 실업급여 지급권을 판단함에 있어서는 여전히 고용형태 (임금근로자 vs 자영업자)가 중요. 영국에서도 자영업자의 수가 증가하고 있고, 이들의 낮은 소득 등 문제로 인해 사회보장시스템이 이들을 충분히 보호하고 있는지에 대한 사회적 논의가 지속되고 있음. 다만, 납부하는 보험료 수준의 차이 등으로 인해 동일한 수준의 실업급여를 지급하는 것에 대해서는 여전히 반대여론(심지어 당사자인 자영업자 측에서도)이 있고, 대신 Universal Credit을 통해 이를 보완하고 있다고 볼 수 있음
- 또한 gig 경제의 발달 등으로 인한 비정형 근로자의 고용법상 지위 문제도 주요한 이슈로 나타나고 있음. 영국에서는 법적으로 이를 명확히 규정하고 있지는 않고, 개별 사례에 따라 이를 판단하고 있음. 하지만 판단기준을 명확히 하려는 노력과 이에 대한 논의는

활발히 이루어지고 있음. 2021년에는 대법원에서 우버기사들이 자영업자가 아닌 고용된 노동자라는 판결을 내린 바 있는데, 사회보험체계에 완전히 반영되기까지는 추가적인 논의가 필요할 것으로 보이나, 이러한 사례는 임금근로자와 자영업자의 경계에 있는 비정형근로자의 지위를 판단하는데 주요한 사건이라고 보임. 2017년에는 영국정부의 요청으로 이러한 비정형근로자에 대한 사회적 보호 방향을 제시하는 Taylor Review가 발간되었는데, 이 보고서에서도 비정형근로자의 고용법상 지위를 명확히 하는 것이 무엇보다 중요한 과제라고 제안한 바 있음

○ 시사점

- 영국은 단일한 사회보험체계 하에서 조세당국과 통합된 효율적인 소득파악 시스템을 통해 보다 많은 유형의 노동자를 사회보험체계 내에 포섭하고 있음. 이는 사회보험이 별도로 운영되고, 보험에 따라 적용범위가 달라지는 한국의 시스템과 차이를 보이고 있음.
- 다만, 영국에서도 자영업자(자영업자로 분류되는 비정형 노동자를 포함)에 대한 실업급여 지급에 있어서는 임금근로자와 차이를 보이고 있고, 가장 큰 원인이 고용보험료의 차이라는 점을 고려했을 때, 한국이 모든 노동자에 대한 보편적 고용보험을 적용하기 위해서는 형평성 있는 수준의 보험료를 부과하는 것이 중요함
- 또한, 영국내에서도 Universal Credit에 대해서는 엄격한 요건(conditionality)과 낮은 급여수준으로 인해 충분한 사회보장체계로서 기능하고 있지 못하다는 비판이 있는 만큼, 적용범위를 확대하는 과정에서 보장성이 과하게 훼손되지 않도록 하는 것이 중요함

(2) 프랑스

○ 제도 개괄

- 프랑스의 모든 과세 대상 소득에 부과하는 의무적인 사회보장

	<p>기여금을 바탕으로 사회보장체계가 운영되고 있고, 구체적인 급여의 관리 및 지급에 있어서는 운영주체를 달리하고 있음</p> <ul style="list-style-type: none"> <li>- 마크롱 정부의 강한 의지에 따라 2018년부터 실업보험을 포함한 사회보장체계에 많은 개혁이 이루어지고 있음. 큰 변화 중 하나로는 고용형태(임금근로자 vs 자영업자)에 따라 별개로 나뉘어져 있던 사회보장체계를 단일한 체계 (general regime)로 통합한 것임. 이는 노동시장의 구조 변화에 따라 기존의 분리된 체계가 비효율적이라는 인식이 나타남에 따라 보다 통합적이고 단순한 시스템을 구축하여 변화하는 노동시장에 유연하게 대응하기 위한 것이었음</li> <li>- 프랑스는 이 general regime하에서 실업급여를 포함한 사회보장급여의 지급을 위한 기여금을 통합적으로 징수하는데, 이 기여금은 성격에 따라 (1) 각종 목적에 따라 각각 납부하는 기여금 (실업, 연금, 가족수당, 산업재해수당 등)과, (2) 과세소득에 대한 준과세적 성격으로 부과되는 Contribution Sociale Généralisée (CSG)로 크게 구분됨. 여기서 CSG는 특정 목적에 한정되지 않은 재원으로 활용되고 있음</li> <li>- 프랑스의 실업급여로는 실업목적의 기여금으로 운영되는 Support for Return to Employment (프랑스에서 ARE로 칭해짐)가 있는데, 이는 고용자를 특정할 수 있는 노동자일 경우에 지급되고 있고, 자영업자로 판단되어지는 경우 적용되지 않고 있음. ARE의 수급자격을 위해서는 지난 24개월동안 910시간을 일하며 보험가입이 되어 있어야 함. 프랑스도 한국과 같이 비자발적 실업상황에 놓인 경우에만 실업급여를 지급하였으나, 개혁의 일환으로 2019년부터는 비자발적 실업 역시 본인이 커리어 플랜을 제공하는 경우에 수급자격을 인정하는 방향으로 제도가 변경</li> <li>- 2018년부터 진행된 개혁으로 인해 실업보험의 변화에서 가장 두드러지는 것은 기존 ARE의 혜택을 받지 못하던 자영업자에 대한 실업급여를 도입한 것임. 다만, 자영업자에 대한 실업급여는 기존의 임금근로자에게 적용되던 ARE의 형태로 지급하지 않고, Self-</li> </ul>
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employed Allowance (프랑스에서는 ATI로 칭해짐)라는 별도의 급여를 신설하여 지급하고 있음

- ATI는 모든 취업자가 납부하는 사회보장세인 CSG로 지급되는데, 이는 기존에 사용자와 근로자가 납부하던 기여금으로 지급되던 ARE와는 상이한 운영방식. 이는 자영업자에 대해 임금근로자와 같은 수준의 실업보험을 적용하는데 있어 가장 큰 장애물 중 하나가 실업보험료 납부에 대한 저항인 것을 감안, 프랑스가 이를 해결하기 위해 선택한 방식임. 이렇게 자영업자의 보험료 부담을 경감하면서, 동시에 임금근로자들에 대한 형평성을 맞추기 위해 근로자들이 ARE와 관련하여 납부하던 기여금을 폐지하고, 사용자 부담분만을 유지하였음. 이에 대한 부족분은 CSG의 세율을 인상하여 충당
- ATI를 지급받기 위한 요건은 상당히 까다로운데, 적어도 2년간 사업을 운영하면서, 연간 €10,000의 매출을 발생시키고 있어야 함. 또한, 사업이 법적청산에 들어갔어야 하고, 프랑스의 최소소득수준 (active solidarity income) 이하의 소득을 얻고 있어야 함

○ 노동시장 변화 관련 이슈

- 실업보험과 관련하여 프랑스 역시 보편적 실업보험제도(assurance-chômage universelle)를 도입하는 것을 목표로 하고 있는데, 특히 한 사람이 다양한 일자리를 경유하게 되고, 임금노동과 자영업의 경계가 모호해지는 상황에서 기존의 실업보험제도가 가지고 있는 구조적 문제점을 해결하고자 하는데 중점을 둠.
- 실업 관련 혜택의 예측가능성을 높이고, 배제되는 집단을 최소화하기 위해 프랑스가 선택한 개혁의 방법은 자영업자와 비자발적인 실업에 대해 실업급여 지급을 인정하는 방향으로 제도를 변경한 것임. 이를 실현하기 위해 프랑스는 사회보장세의 일종인 CSG의 세율을 높였는데, 이는 사회보장체계의 재원을 사용자와 근로자와의 고용관계가 아닌 개인의 소득을 기반으로 마련하는 방향으로 변경했다는 점에서 의의를 가짐

○ 시사점

- 프랑스의 개혁 전 실업보험제도는 한국과 많은 부분에서 유사하기 때문에, 프랑스가 진행하고 있는 최근 개혁을 일부 벤치마킹하여 한국의 상황에 맞게 적용하는 것을 고려할 수 있음.
- 특히, 자영업자도 강제적 고용보험체계에 편입시켰다는 점이 주요한 변화인데, 물론 임금근로자와 완전히 동일한 수준은 아니고, 수급요건이 상대적으로 높다는 한계가 있지만 이를 가능하게 한 요소들에 주목할 필요가 있음
- 프랑스의 개혁을 가능하게 했던 가장 중요한 요소는 재원의 조달과 관련하여 당사자들이 수용가능한 방향으로 보험료를 조정한 것임. 특히, 고용관계에 따라 달라지는 보험료 체계가 아닌 개인이 얻고 있는 소득을 기반으로 보험료를 부과하는 것이 효과적일 수 있음

4. 정책 제언

○ 전반적 방향

- 변화하는 노동시장에 효과적으로 대응하기 위해서는 사회보장제도가 모든 유급노동자를 효과적으로 보호할 수 있어야 함.
- ILO, OECD, European Commission과 같은 국제기구에서는 이 문제를 다루면서 사회보장시스템이 갖추어야 할 원칙을 제안했는데, 여기에는 (1) 보편적인 접근성, (2) 충분한 보장, (3) 모든 당사자가 본인의 권리와 책임을 충분히 알 수 있는 투명성, 그리고 (4) 지속가능하고 형평성 있는 방법으로 재정이 운영될 수 있는 거버넌스 시스템이 있음
- 한국의 고용보험제도의 문제점으로 언급한 전통적 고용관계에 기반한 관리체계 및 보험료의 문제는 직·간접적으로 위에서 언급한 원칙을 실현하는데 장애물로 작용하고 있음. 따라서, 한국의 정책에

대한 제언은 이 문제를 해결하면서 동시에 제시된 원칙을 실현할 수 있는 방향으로 이루어져야 하며, 영국과 프랑스에 대한 사례연구는 이에 대해 유용한 시사점을 제공하였음

○ 정책에 대한 제언

(1) 개인을 기반으로 한 통합적인 보험관리 시스템 구축

- 현 한국의 고용보험제도는 통상적인 임금근로자를 상정하여 취업과 실업의 개념을 설정하여, 사업장 단위로 피보험자를 관리하고 고용보험료를 징수하는 체계를 가지고 있음
- 이 문제를 해결하는 것의 핵심은 고용관계와 사회보장급여 사이의 연관성을 약화시키는 것임. 이를 위해 사업장 단위로 사용자가 본인이 고용한 노동자에 관한 정보를 근로복지공단에 신고하는 현재의 방식에서 벗어나, 소득이 발생하는 개별 노동자를 파악하여 고용보험료를 부과하고 이들을 고용보험체계에 포섭하는 방식으로 제도가 구성되어야 함
- 이것이 가능하기 위해서는 개인의 소득을 효과적이고 투명하게 파악할 수 있는 시스템이 구축될 필요가 있음. 소득을 파악하는 것에는 상당한 행정적 비용이 수반되는 만큼, 영국과 프랑스에서 사회보험료의 부과와 징수는 단일의 기관에서 통일된 기준으로 수행되고 있음 (영국의 경우 HMRC, 프랑스의 경우 URSSAF). 또한 조세당국이 소득세 부과를 위한 소득파악에 전문성을 가지고 있는 만큼, 별도의 사회보험기관이 사회보험료를 징수하더라도 조세당국과 협력적 관계를 맺는 것이 매우 중요함.
- 한국의 경우 사회보험이 통합된 방식으로 운영되고 있지 않아, 각 보험별로 적용범위와 보험료를 부과하는 기준이 조금씩 상이함. 또한 조세당국 역시 사회보험료와 관련하여 공식적인 지원을 거의 하고 있지 않은 상황임.
- 이 문제를 해결하기 위한 방안으로, 영국과 같이 조세당국이

사회보험료를 징수하는 방식을 고려해볼 수 있을 것임. 실제로 고용보험체계에서는 자영업자와 많은 비정형노동자의 소득이 파악되고 있지 않지만, 국세청에서는 완전하지 않더라도 대부분의 노동자의 소득을 파악하고 있다는 연구결과가 있음.

- 하지만, 이 방식은 매우 급진적인 변화이고, 조세체계와 사회보험체계의 근본적 차이(소득파악 주기 등)로 인해 단기간에 이루어지기 힘든 측면이 있음. 따라서 통합된 사회보험기관이 보험료 부과 및 징수업무를 수행하되 (프랑스와 같은 방식), 소득을 파악하는 과정에서 조세당국과의 협력을 강화하는 방식을 고려해볼 수 있을 것임

(2) 형평성과 수용성에 기반한 보험료 및 수급기준 수립

- 보편적인 고용보험 적용을 위해 중요한 것은 이를 뒷받침할 수 있는 충분한 재정적 여건을 확보하는 것임. 특히, 사회보험의 경우 기본적으로 징수된 기여금으로 재정을 조달하기 때문에, 보장수준의 보편성과 적정재정의 균형을 잡는 것이 무엇보다 중요함.
- 이를 해결하기 위한 가장 명확하고 확실한 방법은 고용형태에 관계없이 동일한 수준의 보험료를 부과하고 징수하는 것임. 하지만, 이는 사용자와 보험료를 분담할 수 없는 노동자의 경우 보험료를 납부하는 데 대한 저항이 있을 수 있고, 이는 영국과 프랑스를 포함, 보편적인 사회보험의 적용을 추구하는 국가에서 공통적으로 직면하는 문제임.
- 따라서, 이 문제를 해결하기 위한 방식으로 보험료율이나, 실업급여의 수급요건을 조정하는 방식으로 대응하고 있음. 영국과 프랑스의 접근법은 상이하지만, 공통적으로 자영업자나 사용자를 특정하기 어려운 비정형노동자의 보험료부담을 경감시키면서, 급여의 유형 또는 수준을 달리하는 방식을 취하고 있음. 하지만, 이 방법을 취하면서 두 국가는 동시에 실업보험 혜택의 요건을 상대적으로 엄격하게 하거나 급여수준을 줄이는 형태로 대응했다는 점에서 충분한 보장의 원칙을 온전히 달성했다고 보기는 어려움.



- 한국에서도 기존에 강제적 고용보험에 포함되지 않던 노동자들을 포함하게 될 경우, 자영업자와 비정형노동자의 소득을 파악하여 이를 바탕으로 보험료를 부과하는 방식을 취해야 하는데, 이 과정에서 이들의 보험료 부담을 경감시켜줄 수 있는 조치 역시 함께 취해져야 할 것임.
- 먼저, 영국처럼 상대적으로 낮은 수준의 보험료율을 책정하고, 이에 상응하는 급여수준 역시 줄이는 방안이 제안될 수 있음. 하지만, 영국에서도 이 방식이 충분한 보장성을 가지지 못해 비판받는 점과, 한국의 경우 영세자영업자의 취약성 문제가 두드러진다는 점 등을 고려할 때, 이에 대해서는 신중한 고려가 필요함. 영국의 Taylor review에서도 임금근로자와 자영업자에 대한 혜택의 불균등을 해소하기 위해 보험료율을 장기적으로 유사하게 책정할 필요가 있다는 제언을 한 바 있음.
- 다음으로 고려할 수 있는 방안은 임금근로자와 자영업자 간 유사한 수준의 보험료율을 적용하되, 이들의 보험료에 대한 정부지원을 확대하는 것임. 이는 프랑스가 보편적 고용보험 적용을 위해 근로자에게 부과되던 보험료를 없애고, 소득에 대해 부과되는 사회보험세인 CSG의 요율을 인상하여 재정을 뒷받침하는 것과 같은 맥락의 접근임. 다만, 이 경우에도 임금근로자와의 형평성 문제가 제기될 수 있다는 점을 감안, 실업급여 수급자격 요건에 있어서는 차이를 두는 등의 조치를 고려해볼 수 있을 것임.

(3) 다양한 형태의 노동자 구분기준의 명확화

- 영국과 프랑스의 사회보장체계는 적용범위의 보편성을 추구하고 있으나, 고용형태에 따라 사회보험료 산정과 급여수급이 달라지는 경우가 있기 때문에, 정확하게 고용상 지위를 판단하는 것은 여전히 주요한 쟁점임. 한국도 고용보험의 적용범위를 확대하는 과정에서 유사한 문제점에 직면하게 될 것임.
- 한국은 현재 임금근로자, 자영업자뿐만 아니라 특수형태근로종사자에

대해서도 적용범위 및 보험료율 등을 달리하고 있고, 특히 적용범위의 경우 직종을 중심으로 적용범위를 결정하는 등의 접근방식을 취하고 있음. 현재의 고용보험체계 하에서 이는 사각지대를 줄일 수 있는 최선의 방안이지만, 장기적으로 변화하는 노동시장에 유연하게 대응하는 데는 한계를 가질 수 있음.

- 따라서, 사회보험체계에 적용되는 고용지위를 보다 명확화, 단순화하고 이에 대한 기준을 수립하는 것이 중요함. 이는 행정적 비용을 줄여줄 것이고, 노동자들이 자신의 의무와 권리를 정확하게 이해하게 할 것임

#### 5. 결론

- 노동시장은 기술변화, 노동에 대한 사람들의 인식과 태도의 변화에 따라 지속적으로 변화하고 있고, 이에 유연하게 대응할 수 있는 사회보장체계를 구축하는 것은 더 이상 미룰 수 없는 과제임
- 이러한 측면에서, 이 연구에서는 한국의 고용보험제도를 진단하여 문제점을 분석하고, 이에 대한 영국과 프랑스의 사례분석을 통해 한국의 고용보험제도의 정책방향에 대한 시사점을 도출하였음
- 보편적인 고용보험을 추구하는 과정에서, 한국의 고용보험체계는 많은 변화에 직면하게 될 수 있는데, 이를 위해서는 많은 행정적 노력과 충분한 사회적 공감대를 형성하는 것이 중요할 것임

**Challenges of the Employment Insurance System Due to Changes  
in the Labour Market: Its Implications for Expanding the Coverage  
of Employment Insurance in South Korea**

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## Abstract

In recent years, technological development and changes in people's perceptions of labour are leading to changes in the labour market. The notable changes are diversification of employment relationships, which is accelerated by transition to gig economy, and the blurring of the distinction between self-employed and subordinate employment relationships. However, existing social security systems, including unemployment insurance, are mostly designed based on the traditional employment relationships which is characterized by full-time permanent workers, so those systems often show limitations in adequately coping with the changing labour market. In this regard, this study aims to review the Korean employment insurance<sup>1</sup> system, and to find whether the system is adequately responding to these changes or not. In addition, if Korean system is not responding properly, the study will provide recommendations to improve it. In order to derive key implications for recommendations, this paper conducted case study on unemployment insurance systems in the UK and France.

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<sup>1</sup> The term commonly used as social insurance related to unemployment is unemployment insurance, but in Korea, the term used is employment insurance. Therefore, in this study, the term employment insurance was also used to refer to the Korean system.

The main findings are as follows. The limitations of the existing unemployment insurance system due to the recent diversified employment relationships and changes in the labour market due to the shift to the gig economy were a problem shared by many countries. However, in the case of Korean system, some characteristic that hindered the effectiveness of the system were found, such as the management system of the insured and the method of imposing contribution and setting eligibility requirements. According to the case study for the two countries, it was found that the factors pointed out as problems in the Korean system were being operated differently, or policy measures were implemented to solve similar problems. For example, the UK has integrated social insurance system (National Insurance) which facilitate universal coverage and real time income gathering system operated by tax authorities (HMRC). In France, policy reforms are being made to establish universal unemployment insurance, and in particular, insurance contributions have been adjusted to apply unemployment insurance to the self-employed.

The recommendations drawn from the case study can be summarized as follows.

- It is necessary to reorganize the insured management and imposition of contribution system so that those systems are managed based on the individual income with strengthening link with the tax authorities.
- It is necessary to set an acceptable and equitable insurance contributions and eligibility requirements for self-employed or non-standard workers.
- It is necessary to reduce the complexity of classifying various types of employment so that individual workers can clearly understand their rights and responsibilities.

This study ultimately concludes that these recommendations are big changes to Korean employment insurance system, so it is important to make great administrative efforts and to form a sufficient social consensus.

## **1. Introduction**

### **1.1. Background**

Social security systems are usually referred to as “measures providing benefits in cash or in kind of guaranteeing income security and access to health care” (UN, 2018; 6). All countries need various social security systems to protect their people from social risks such as unemployment, work injury, sickness, or death. Among them, it is important for government to take actions to protect the people from unemployment because it causes not only financial difficulty for workers themselves, but also, in the long run, bad impacts on their long term physical and psychological health and happiness (Nichols, Mitchell and Lindner, 2013). Social insurance is a system that implements social policies by utilizing insurance principles and unemployment insurance, a type of social insurance, is functioning as the most representative unemployment related social security system in many countries.

Such unemployment insurance system is inevitably designed based on the pattern of labour market in its structure and implementation. In many countries, social security systems, including unemployment insurance, are usually focusing on traditional labour relationship, which has been centred on standard workers characterized by full-time permanent employment (OECD, 2018). However, in recent years, types of employment relationship become more diversified due to the technological development and transition to the gig economy, which is characterized by task-based contracts, is accelerated due to the development of platforms using the digital technology (Kuhn, 2016; Mehta, 2020). Accordingly, various types of labour that show characteristics deviated from standard workers, defined as so-called 'non-standard workers', are increasing. These non-standard workers are often outside the scope of institutional protection (OECD, 2018).

Also, traditionally, protecting the self-employed from risks of reduced income (or unemployment) has been considered to be conflict with the economic principle of taking business risks, and thus the level of social protection for them is also relatively low (Schoukens and Weber, 2020). In this series of situations, another change in labour market is that the boundary between the dependent employment relationship and the self-employed is gradually blurring, and this sparks discussions about social security for the self-



employed as waged employees as well. Accordingly, the characteristics of the self-employed were somewhat expanded. The traditional concept of the self-employed is that they run their own business for many clients, so they have the independence of not being subordinated to some clients (or employees). However, recently, a type of dependent self-employment, in which self-employed people are subordinated to one or a small number of clients, has emerged, so they have “de facto employment relationship” with certain clients just like employees (Williams and Lapeyre, 2017; 7).

Since these non-standard workers tend to be employed to perform more specific and detailed jobs, they are more exposed to the risks of dismissal and loss of income when hit by employment crisis. Therefore, the absence of social security system can leave these workers at risks of unemployment so that could worsen the well-being of society as a whole. For this reason, the expansion of the social security system, represented by unemployment insurance, can be one of useful ways for dealing with a rapidly changing environment by guaranteeing decent jobs for workers (ILO, 2017b).

Korea is not different from this global trend. Employees who earn wage are obligated to be covered by the protection of employment insurance system, whilst non-standard workers are provided with limited protection with different

coverages depending on the type of occupations or working hours. In addition, given the characteristics of the Korean labour market, absence of protection system for self-employed is another important problem. In Korea, the proportion of self-employed among all workers is about 20%, which is high enough to being 6<sup>th</sup> highest among OECD as of 2014 (Lee et al., 2016). Although the proportion has gradually decreased since then, more than 20% of all workers are still classified as self-employed as of 2021 (Korean Statistical Information Service, no date). However, employment insurance coverage applies to self-employed voluntarily and its use is very low.

The outbreak of COVID-19 pandemic shows the weakness of social protection well. Although self-employed, temporary workers and independent contractors are hit harder by employment crisis (Korean Statistical Information Service, 2020), they mostly could not be benefited adequately from unemployment insurance system. The Korean government is aware of this problem and is currently making efforts to expand the scope of employment insurance coverage (MOEL, 2020). However, since the existing system was not designed to cover these workers well, there are some problems to be solved in its implementation. This study is motivated to answer a part of this question. To do this, this study aims to give recommendations suitable for the Korean context by deriving implications through case analysis of other countries.

## 1.2. Research Question

Korea's Employment Insurance system is facing challenges due to changes in the labour market and is being asked to change accordingly. Therefore, this study aims to answer the following question:

*How to effectively expand the coverage of Employment Insurance in South Korea to respond to the changing labour market?*

To answer this research question, it is necessary to explore the following related questions as well:

- What is the current status of Korea's employment insurance system and can it adequately respond to the changing labour market?
- If the Korean system has limitations, what factors are in charge for such problems?
- Are there any effective approaches or reference examples in other countries to cope with similar problems regarding employment insurance?

### **1.3. Methodology**

#### **Case Study**

In the field of social science, case study can be a very useful research tool when asking research questions about how and why some specific social phenomenon occurs (Yin, 2014; 4). In addition, case study appears as quite suitable research methods when studying contemporary events, especially when it is difficult for the researcher to control the behaviour or situation related to it (Yin, 2014; 12). Since research questions seem to fit the conditions suitable for case study, and the problem of changes in the labour market and the limitations of the existing social security system is a problem shared by many countries, comparative case studies was considered to being useful as methods for this research.

In the case study, its unit of analysis is an important component (Yin, 2014; 29, Tellis, 1997; 3) and the unit of analysis is usually a certain “system of action” rather than individual or groups (Tellis, 1997; 3). In this report, the unit of analysis is the overall design and operation of each country’s unemployment insurance system. In particular, this study will analyse the case of overseas

unemployment insurance system so as to derive implications for giving recommendations for Korean unemployment insurance systems. In selecting countries (United Kingdom and France), the rationale used is as follows. First, similar countries were selected according to the typology of welfare state regime by Esping-Andersen. Korea's welfare state regime was not classified in Esping-Andersen's original work, but some Korean studies consider that Korea has a mixture of liberal and conservative regimes (Nam, 2002). Therefore, countries were selected for each type. The reason why the UK was chosen among countries with a liberal regime is that it operates an integrated social insurance system under the philosophy of universality from the Beveridge report. Next, France was selected among countries with conservative regime because France is currently undergoing reform to pursue universal unemployment insurance like Korea.

The process of case analysis is as follows. First, the system of unemployment insurance of each country was reviewed. The scope of review includes the overall design of unemployment insurance system, imposition and collection of contributions, and eligibility requirements for unemployment benefits and so on. Next, it was examined that what kind of discussion and response were made in relation to the recently changing labour market in each country. The series of process aims to provide insights into how different policy

structures and approaches affect policy outcomes, so they can give inspirations for policy recommendations to Korean situation.

### **Data collection and Search Strategy**

The research was conducted through data analysis based on literature. For the overall literature search, based on the research question, a search strategy was formed including terms such as: “unemployment insurance”, “non-standard workers”, “coverage”, “social security system”, “unemployment”, “self-employed workers”, “platform workers”, “gig economy” and combinations of these terms. This search process was mainly performed in databases such as Google scholar, Findit, DBpia, RISS (Research Information Sharing Service), PRISM (Policy Research Information & Management) and additionally, it was also done through citation tracking of individual literature. In addition, to obtain information on each country’s unemployment insurance system, websites of government (e.g., Korean Ministry of Employment and Labor; MOEL, Government of the UK) and related public institutions (e.g., CLEISS, UNÉDIC) were also used. Literatures are composed of various forms such as policy reports published by governments and international organizations, research studies, press releases, and statistical data.

## **2. Defining problems**

### **2.1. Unemployment Insurance System**

The social security system for unemployment is generally divided into Unemployment Insurance and non-contributory unemployment assistances (Tamayo and Tumino, 2021; 538; Pfeifer, 2012; Schoukens and Weber, 2020). Unemployment insurance refers to a system in which workers and employers pay contributions in proportion to their wages (or income), and when unemployment occurs, unemployment benefits are paid to compensate for the loss of wages (Lee, 2018). On the other hand, non-contributory unemployment assistances have certain eligibility criteria such as means-testing, and the level of support is often lower than that of unemployment insurance (Tamayo and Tumino, 2021; 538). The detailed contents of the system are slightly different for each country, but in general, in many countries, unemployment insurance plays a role of a representative unemployment-related social protection system, whilst non-contributory unemployment assistances function as supplementary measures when eligibility for unemployment insurance is not met (Tamayo and Tumino, 2021; 538; Beissinger and Büsse, 2001).

Unemployment insurance is often the last introduced among major social insurance systems, because of its controversial aspects over side effects (Sjöberg, Carroll and Palm, 2010). The most representative criticism is that the unemployment insurance may lower the incentives of the unemployed to actively seek jobs, creating a moral hazard problem (Moffitt, 2014). Therefore, most developed countries exclude the case of voluntarily quitting jobs as a condition for receiving unemployment benefits and set a certain level of job-seeking activity as eligibility criteria, although the degree of enforcement may vary from country to country (Moffitt, 2014). In addition, unemployment insurance usually requires the unemployed to have worked longer than certain level of period at the previous job to be paid unemployment benefits (Moffitt, 2014).

Unemployment insurance system was institutionalized for the first time in European countries, and in particular, the UK became the first in the world to legalize a compulsory unemployment insurance system in 1911 (Sjöberg, Carroll and Palme, 2010). Social security systems in Europe were greatly influenced by the British Beveridge report and Germany's Bismarck social legislation, and these influences are also reflected in the unemployment insurance system. Under the principle of Bismarck's social legislation, unemployment insurance system was designed to strictly follow the principle of



insurance, which sets a contribution level linked to earnings and pays corresponding benefits (Goerke, 1998). On the other hand, the UK system, based on Beveridge report, is mainly characterized by imposing fixed level of contributions and paying flat-rate benefits, which reflects the Beveridge Report's philosophy of envisioning a universal social security scheme (Goerke, 1998).

Sjöberg, Carroll and Palme (2010) and Esser et al. (2013) further systematically categorizes the unemployment insurance system of major countries according to standards for the eligibility, payment level, and characteristics of administrative management. According to this classification, unemployment insurance can be categorized into three types: (1) Voluntary state-subsidized, (2) Comprehensive insurance, and (3) Corporatist insurance (Sjöberg, Carroll and Palm, 2010; Esser et al., 2013).

First, *Voluntary state-subsidized insurance* is characterized by voluntary membership as its entitlement, and it was initially operated by labour unions or a fund formed from membership contributions in societies (Sjöberg, Carroll and Palm, 2010; 2; Esser et al., 2013; 5).

Next, in the case of the other two types, both have in common in that they are compulsory unemployment insurance systems, but there are differences in the design and operation of systems. *Comprehensive insurance*

generally sets eligibility standards as a payment of insurance contributions, and in this case, individuals' differences in the labour market are not generally reflected in insurance system (Sjöberg, Carroll and Palm, 2010; 2; Esser et al., 2013; 5). As a result, the coverage of insurance is relatively wide, but the level of benefits is somewhat low with flat-rate payment (Sjöberg, Carroll and Palm, 2010).

Lastly, the *corporatist insurance system* is characterized by differentiated system according to occupational lines, and it is usually operated under the joint management of the employer and employee representatives (Sjöberg, Carroll and Palm, 2010; 3). A major standard for entitlements is "occupational affiliation", and benefits is paid mainly in conjunction with earning level (Sjöberg, Carroll and Palm, 2010; 3). *Table 1* below summarizes the countries that fall under each type according to two studies. Since each country's system can change according to respective policy environments and needs, it is difficult to say that each system clearly fits each type, however, it still gives useful insights which help understand the basic framework of each unemployment insurance system. These studies do not refer the type of Korean unemployment insurance system, but it can be seen that Korean system mainly has characteristics of corporatist insurance scheme whilst showing some aspects of comprehensive insurance (Lee, 2018). Korea's unemployment insurance system will be described in detail next part.

<b>Types</b>	<b>Countries</b>
Voluntary-subsidized insurance	Denmark, Finland, Sweden
Comprehensive insurance	UK, Switzerland, United States, Canada
Corporatist insurance	A number of continent Europe countries (Germany, France, Austria, Italy), Japan

*Table 1. Countries in each Unemployment insurance type.*

*Source from Sjöberg, Carroll and Palm (2010); Esser et al. (2013)*

## **2.2. Changes in the labour market**

Technological development and globalisation are influencing the quantity and quality of jobs, as well as the ways in which work is performed, resulting in structural changes in the labour market (OECD, 2018). In this regard, as a social security system which deals with social risks in the labour market, unemployment insurance can be significantly influenced by these changes in terms of its effective functioning. Therefore, it would be helpful to examine the changes in the labour market facing current unemployment insurance system.

The most notable changes are the increase in the number of non-standard (or atypical) workers and the diversification of employment relationships. Before proceeding further, it is necessary to understand the meaning of non-standard workers. A contrasting concept can be referred to as a standard worker, which is characterized by having a full-time, permanent employment relationship which is usually subordinated to one employer (Schoukens and Barrio, 2017; OECD, 2018). Non-standard workers are term for labour types that deviate from these standard working relationships (ILO, 2017a).

ILO (2017) classified such non-standard employment relationship into five types: (1) Temporary employment, (2) part-time employment, (3) multi-party employment, (4) disguised employment and (5) dependent self-employment. Temporary worker means a person who works for a finite period, unlike full-time workers who are permanently employed, and part-time worker means a person who works fewer times than full-time workers. In the case of these two types of workers, they are likely to have a subordinate relationship to the single employer, but their employment relationship is more flexible than standard workers in terms of 'working time'. In the case of multi-party employment, workers are employed in one company, but they provide their labour to other company. Next, disguised employment mean that a worker is employed as independent

contractors but monitored by supervisors like an ordinary employed workers when performing their work. Lastly, dependent self-employment occurs when workers provide services for their own business through a contract with clients, but they are economically dependent on one or a small number of clients.

In particular, the latter two types (disguised employment and dependent self-employment) are characterized as employment relationships which lack subordination and attachment to the certain employer (or client) (Schoukens and Barrio, 2017), so their employment status are often referred to as self-employed in many cases rather than employees.

Among these five types, temporary workers or part-time workers usually have a clear employment relationship with a single employer just like traditional standard workers, so if certain conditions such as the contribution period are met, the social security system is generally applied to them same as standard workers (OECD, 2018). Still, in many cases, those who work very short hours or have multiple employment relationships are still outside the scope of the social security system, including unemployment insurance.

Other types who provide their labour as a unit of tasks and receive compensation without fully subordinated to certain employers have strong characteristics of self-employed in that they are not subordinated to the employer and can independently adjust their working conditions (e.g., hours). However, compared to the self-employed in the traditional sense, they have some differences in that they are economically dependent on clients and supervised by them as well (ILO, 2017a; Schoukens and Barrio, 2017). The Korean government even referred the spread of this type of labour as a process of “self-employmentization” in which the boundary between dependent labour relationship and self-employment is blurring (MOEL, 2020).

These types of workers have been dealt with not only by the ILO, but also in various studies, and each study has a slightly different way of defining it. Kim (2019) has named these types of workers 'free labour', and OECD (2018) defined the term ‘independent contractors’ as a form of employment types between self-employment and dependent employment, which comprehensively includes these non-standard workers.

In Korea, workers with the characteristics of independent contractors are classified as “*Workers in special employment types*” which means a person who works in a way that he/she decides their own method of providing labour

and working hours and gets paid according to their own performances (Statistics Korea, no date). Those workers and self-employed are not fully protected from the unemployment insurance system in many countries including Korea.

This diversification of employment relationships is becoming more prevalent as the transition to a gig economy, which establishes temporary employment relationships based on tasks, is accelerated due to the development of digital platforms following the technology development (Kuhn, 2016; Mehta, 2020). A digital platform can be defined as 'a digital network in which labour services are traded through algorithms' (Eurofound, 2018; Glossary), which enables labour to be broken down into smaller tasks and traded, facilitating the spread of non-standard workers (ILO, 2021). These platforms have significantly increased from 142 in 2020 to 777 in 2020 (ILO, 2021; 19), suggesting that platform workers also increased accordingly (OECD, 2018). For example, in the UK (England and Wales), the number of people who report that they work using platforms at least once a week has increased from 5.8% in 2016 to 14.7% in 2021 (TUC, 2021; 9).

As such, the labour market consisting of mainly the existing standard workers is changing, and the problems of non-standard workers and the self-employed are no longer marginal problems in labour market. The series of situations is also very evident in the Korean labour market. The number of such non-standard workers has been increased in Korea since the economic crisis in 1997, because there have been national policy efforts to reflect neoliberal economic policies to deal with economic crisis, so many policy measures for labour flexibility were taken (Jung and Jang, 2018). This was a phenomenon that occurred because large scale of dismissal was carried out during the economic crisis among Korean companies, and in order to reduce labour costs as much as possible, employers tried to use workers in flexible forms rather than regular (permanent) workers (Park, 2018).

Due to the shift to the gig economy, which is accelerated by the development of digital technology, these non-standard workers and self-employed are increasing in numbers, with weakening of strong relationship with employers. Also, more and more people are working in multiple jobs with diversified types of jobs and in fact, 10% of workers in Korea are engaged in multiple jobs, and 25% are willing to do so in the future (MOEL, 2020). According to MOEL (2020; 2), the number of workers in special employment types is about 1.06 million-1.33 million and platform workers are estimated



about 0.5 million in Korea. Those two types of workers account for about 7.3% of entire labour market in Korea. These changes in labour market require that social security system be designed focusing on diversified employment types, not on the premise of the existing permanent employment relationship (Park, Lee and Jung, 2021).

### **2.3. Limitations of the existing system**

If so, what issues do these changes cause to the unemployment insurance system? Many studies and government officials have pointed out that the existing social security system does not fully protect the various types of workers following these changes (OECD, 2018; Tamayo and Tumino, 2020; Lester, 2001; Spasova et al., 2017). In many cases, unemployment insurance schemes are designed for the standard full-time workers, so workers deviated from this are usually outside the scope of protection (Tamayo and Tumino, 2020). Especially, Esser et al. (2013) also pointed out that the corporatist insurance scheme is more likely to exclude groups with weak attachment from the application because it is operated according to occupational lines.

Furthermore, because these non-standard workers (especially independent contractors) are becoming to have characteristics of self-employed workers as described earlier, it is necessary to consider a social protection system for the self-employed workers from unemployment as well.

However, unemployment insurance systems usually requires that unemployment be involuntary and a certain length of working period as eligibilities for benefits, so it is often difficult for non-standard workers and the self-employed workers to meet these standards. Therefore, in many countries, the self-employed workers and non-standard workers are excluded from the coverage of unemployment insurance scheme or operated as a voluntary system, not compulsory one (Schoukens and Weber, 2020).

In fact, only six EU countries apply unemployment insurance to the self-employed workers in the same way as standard workers (OECD, 2018; 18). Korea also has this problem. Only about half of total workers are covered by the unemployment insurance system, suggesting that Korea has very weak social security system regarding unemployment (Jang and Hong, 2020).

This inadequacy of the social security system became more evident as COVID-19 pandemic causes economic and social crisis around the world. COVID-19 pandemic has caused serious job crises in many countries, including Korea, which have tended to hit harder non-standard workers and the self-employed who are more likely to be excluded from the unemployment insurance (MOEL, 2020; Schoukens and Weber, 2020).

Under these circumstances, while standard workers are protected by unemployment insurance system, social protection systems for non-standard workers and self-employed often do not exist, so many countries tried to make ad-hoc measures such as cash subsidies to protect them. For example, Korean government spent 2.6 trillion won for temporary subsidy program to protect non-standard workers such as freelancers and the self-employed who undergo a decrease in income (MOEL, 2020). About 2.11 million people received this support, which means that it is necessary to make social protection systems for them as well. In order to systematically respond to these economic and social crises, it is important to prepare a rigid social security system that can respond immediately as well as these temporary measures.

### **3. Analysis on the Korean unemployment insurance system**

Whilst the previous part showed the overall status of the problem and the need for a change surrounding the unemployment insurance system, this part will analyse the problems in the Korean context. The analysis includes detailed review of the system and based on this, tries to examine what factors limit the effectiveness of the Korean system in responding to the changing policy environment.

#### **3.1. Review of the Korean unemployment insurance system**

Korea operates an unemployment related social insurance system called 'Employment Insurance'. The reason why Korea government uses term 'Employment' rather than 'Unemployment' is that Korea's employment insurance is not just about paying unemployment benefits, but also being implemented in connection with programs to promote re-employment such as vocational training (MOEL, 2022). This study took a detailed review at how the unemployment insurance system operates in Korea. For this review, the

Employment Act (2016), which is major legislation regarding unemployment insurance in Korea, and the Employment Insurance White paper, a comprehensive guide report published by the Korean government, were mainly used.

## **Coverage**

The Korea Employment Insurance Act (2016) stipulates that, in principle, the employment insurance system is applied to all businesses or workplaces employing workers (Employment Insurance Act, 2016, a.8). The Korean government defines these workers as “a person who works regularly under the supervision of the employer and receives compensation in the form of wages in return” (MOEL, 2022; 59). Since this has been interpreted as entitlements of wage workers only, (1) workers who are not recognized as wage workers due to the ambiguous status as ‘employee’ and (2) the self-employed have been excluded from the compulsory application (Phang, 2012). In the case of the self-employed, individual self-employed worker and those who own small-sized businesses (less than 50 workers) are allowed to be included in employment insurance system in voluntary way. However, the coverage rate is very low among the self-employed, so less than 1% of the entire self-employed workers are enrolled in employment insurance system (Lee, 2022).

In the case of non-standard workers (those who are called *Workers in special employment types* in Korea), the application had been excluded, but as the Korean government is taking measures to expand the coverage of employment insurance. As an initial step for this purpose, 14 occupations fields were designated (e.g., Insurance solicitor, private tutor, courier, credit card member solicitor, door-to-door salesperson, rental product inspector, home appliance installer, truck owner), and for workers in those fields, employment insurance applied in a compulsory way just like standard workers. Although this is a very encouraging change in terms of expanding the scope of application, still, it is difficult to say that non-standard workers are fully protected. This is because the scope of application is limited only to 14 occupations, and workers in these occupations are usually relatively dependent on the certain clients and supervised from them as well. Therefore, some Korean media even criticize that this measure is just for workers in special types similar to traditional standard workers.

Also, in terms of working hours, those who work very short hours are excluded from the application of the system. According to the Employment Insurance Act (2016), workers who work less than 60 hours per month (including those who work less than 15 hours per week) are excluded from the application (Employment Insurance Act, 2016, a.10).

In summary, although Korea's employment insurance system is trying to apply compulsory application to some non-standard workers, there is still a blind spot, particularly independent contractors with weakened attachment to certain clients (e.g., freelancers, platform workers). In addition, with regard to working hours, those who work very short hours are excluded from the application, such as part-time workers or temporary workers, may not be able to be protected from insurance system. Also, in the case of the self-employed, the employment insurance is operated in a voluntary manner, so its application is very limited and actual coverage is very low.

### **Imposition and collection of insurance contributions**

Korea's employment insurance system not only provides unemployment benefits, but also provides various employment support and vocational competency development programs. However, in the case of these programmes, insurance contributions are received only from employers and are generally used for government programs for the unemployed and workers, so the blind spot of employment insurance in Korea usually refers to the coverage of unemployment benefits. Therefore, this study focuses on only insurance contributions related to unemployment benefits.

First, workers and employers each pay half of the contributions for unemployment benefits. The contribution rate is 1.6% for wage earners (0.8% for workers and employers, respectively) and 1.4% for workers in special employment types (0.7% for workers and employers, respectively). When paying insurance contributions, employers are required to pay the full amount of contributions, including the workers' share, and deduct the worker's share from wages. Employers should report specific amount of insurance contributions, which are calculated by multiplying the estimated total amount of wages to be paid to workers by contribution rate. The imposition and collection of insurance contributions is managed by the institution under the MOEL called the Korea Workers' Compensation & Welfare Service (hereinafter COMWEL).

In the case of the self-employed who are applied by voluntary insurance system, the contribution rate is set at 2.25%. What is somewhat peculiar in the method of calculating the amount of contributions for the self-employed is that instead of multiplying the actual income earned by the self-employed by the contribution rate, the self-employed can choose 'standard income' which is divided into 7 levels of income regardless of their actual income, and can pay the insurance contribution. The amount of unemployment benefit is differentiated according to the level of standard income they chose. The reason for this system is that it is not easy to accurately capture the actual level of



income of the self-employed under the Korea's current employment insurance system. More specifically, COMWEL, which has to identify income data for employment insurance, receives information about workers' income and working hours from their employers, so there is no method for verifying income for workers who don't have specified employers such as self-employed and non-standard workers.

### **Management of the Insured**

Because unemployment insurance is social insurance, it is different from private insurance in that even if the insured does not express an intention to join or withdraw from the insurance, when conditions for insurance are met, workers can acquire or lose the insurance eligibility. Management of the insured is carried out by COMWEL in Korea, so COMWEL collects and verifies information of the insured. The main feature in the process of collecting information about the insured is that employers, not individual workers, have responsibility to report all information of the insured to COMWEL. Employers are obliged to report changes of the status of employment insurance when hiring (or making contracts) workers to whom employment insurance is compulsory applied (Employment Insurance Act, 2016, a.15). In the case of the self-employed, since the insurance system is applied voluntary scheme, the self-employed should

express their intention to join the insurance with application. In this case, the process is managed by COMWEL, so the self-employed should submit an application to COMWEL.

### **Unemployment benefits**

Requirements for unemployment benefit are divided into three main categories. First, in order to receive unemployment benefit, the unemployed should have worked for a certain period of time before the date of unemployment. In the case of wage earners, they should have worked for 180 days or more in the 18 months before the date of unemployment and for the workers in special employment types, they should have working period more than 12 months in 24 months before the date of unemployment.

Second, unemployment benefit is not paid in the case of voluntarily quitting jobs, so the unemployed can get unemployment benefit only in cases of involuntary unemployment such as managerial dismissal or the expiry of the contract period.

Lastly, Korean unemployment benefit system requires active job-seeking efforts, encouraging the unemployed to get out of unemployment without losing their human capital as much as possible. Therefore, unemployment benefit is paid when the unemployed actively engage in re-employment activities. Accordingly, the unemployed should participate in re-employment activities (e.g., job application, vocational training, employment counselling) 1-2 times in 4 weeks to be paid benefits.

The amount paid to the unemployed is 60% of the average wage before unemployment with the upper limit of 66,000 KRW per day and is paid for 120-270 days depending on the insured period or age.

Similar requirements apply to the self-employed. First, they must have been enrolled in employment insurance for at least one year, and benefits are paid only if they involuntarily quit the business. Judgment of involuntary refers to cases when the business has deteriorated, such as a loss occurs for more than 6 months or a decrease in sales by more than 20% compared to the previous year, or cases of quitting businesses due to health problems, childbirth or childcare. The amount to be paid is 770,000-1,345,000KRW (41% of the standard income) per month depending on their choice of contribution rate. The benefits can be paid for 120-210 days depending on the insured period.

Types of the insured	Workers		Self-employed
	Wage earners	Workers in special employment types	
<b>Application</b>	Compulsory (Except those who work very short hours>	Compulsory (only apply for 14 occupations)	Voluntary
<b>Contribution rate</b>	1.6% (0.8% for workers and employers, respectively)	1.4% (0.7% for workers and employers, respectively)	2.25%
<b>Unemployment benefit</b>	< Requirements > 1. Certain period of time required 2. Involuntary unemployment 3. Engagement in re-employment activities (1-2 times in 4 weeks)		
	Working for 180 days or more in 180 months	Working for 12 months or more in 24 months	Enrolled in EI for more than 1 year
	Benefit level: 60% of the average wage (with upper limit of 66,000 KRW per day)		770,000-1,345,000KRW per month (41% of the standard income)

Table 2. Summary of Employment insurance according to types of the insured  
Sources from MOEL (2022)

### **3.2. Analysis on problems of Korean Unemployment Insurance system**

Korea's unemployment insurance system has shown some progresses in terms of its coverage, however, it still has limitations. As of 2018, only 45% of the unemployed received unemployment benefits (Jang and Hong, 2020; 72), and as shown in *Figure 1*, this level of coverage is very low compared to other developed countries (OECD, no date).

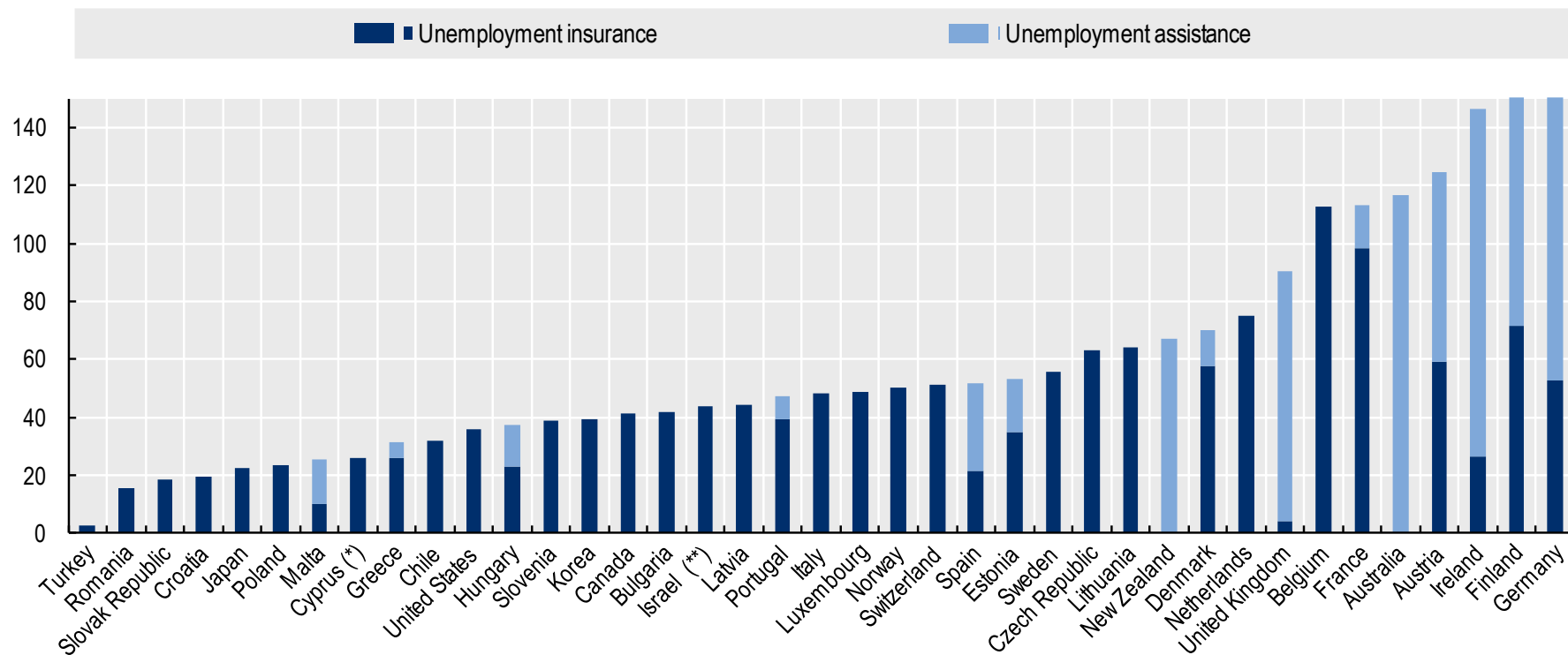


Figure 1. Rate of recipients of unemployment benefits among the unemployed (2018).

Note. Y-axis = (total number of recipients of a programmes) / (number of unemployed), It can exceed 100% because two programmes can be overlapped.

Source from OECD SOCR databases (no date).

Regarding the problems of Korea's employment insurance system, many experts (e.g., Jang and Hong, 2020; Phang and Nam, 2016) point out that the insufficiency of this system is caused in two ways; (1) institutional limitation in which application itself is not permitted legally to certain types of workers, and (2) practical limitations in which workers are not actually enrolled even though they are subject to be applied (Jang and Hong, 2020; Phang and Nam, 2016).

It is estimated that only about 49% of all workers in Korea are covered by employment insurance, so 51% of workers are excluded from the protection of the system. Those who are excluded consist of 24.9% of non-wage workers who are not legally covered by employment insurance (e.g., self-employed, freelancers, platform workers), and 11.9% of wage workers who are excluded from the system (e.g., workers who work very short hours, public officials), and 13.8% of workers who should be enrolled in principle, but are not actually enrolled (Jang and Hong, 2020; 73).

If so, then what factors cause those limitations of the system? According to literature review related to this, the causes of problems are roughly classified into two points. First, there are limitations in the systems in terms of standards and collecting insurance contributions. As shown in a previous part, in Korea,

employers are required to report the acquisition of insurance qualifications to the COMWEL, which is an organization which manages the overall process. In this process, information about working hours and wages, which are essential data to verify the eligibility of the being covered by insurance, is determined based on materials such as labour contracts and wage ledgers that can be verified at the workplace (Lee, 2018).

The problem is that although the wage level is an important standard for determining the level of contributions and payment of unemployment benefits, the system is insufficient to check the income level in a timely manner (Lee, 2020; Jang and Hong, 2020). It means that because employers only can report the wages of the employees they are hiring, the workers who do not have those employment relationships such as self-employed and some non-standard workers (e.g., freelancers, independent contractors) are not able to do this, making it impossible for public authorities (in this case, COMWEL) to capture accurate income level of those workers.

This phenomenon occurs because of Korea's employment insurance system which was designed based on the traditional labour relationships represented by wage earners. Therefore, working hours, which is information that is easy to be captured under a relationship in which workers have a



permanent jobs and fixed working hours, is a major requirement for an eligibility, and the information about the level of wage is grasped as the amount paid by the employer rather than the individual workers' unit.

Under this system, if it is assumed that the type of workers whose income and working hours cannot be reported by the employer are enrolled in the employment insurance system, then each individual workers should report such information to the management authority (COMWEL), which can lead to problems with reliability of information and administrative burdens. It makes it difficult to apply employment insurance to those non-standard workers and self-employed in practice.

This is more clearly seen in the requirements for receiving unemployment benefits. In the case of Korea, the length of working period and the involuntary job loss are the requirements which apply very strictly for being paid unemployment benefits. However, in the case of non-standard workers and the self-employed, there is a problem in that the working period may be irregular and it may be difficult to clearly determine whether unemployment is involuntary or not.

As such, the requirements for an eligibility based on traditional labour relationship in Korea do not match the current changing labour market represented as flexible working hours and the weakened relationship with employers. In addition, the current system makes it difficult for the employer to determine whether the employee is covered by the unemployment insurance because of development of the gig economy, where it is common for workers to make multiple employment contracts in task units. Due to such ambiguity, there are cases in which the employer evades the insurance report for their employees in order to avoid paying insurance contributions whose weak subordination or short working hours.

The second problem is that for workers who cannot share the burden of contributions with their employer (e.g., self-employed, freelancers, platform workers), the current insurance system is not as attractive as it is for wage earners (Lee, 2020). Social insurance should balance two aspects. One is the principle of insurance in which the insured receives benefits aligned to the amount of contributions paid by themselves, and the other is the public nature as a welfare system that protects the public from social risks (Noh, Son and Chung, 2021).

However, Korea's current employment insurance for self-employed is not only based on voluntary application, but also the level of insurance contributions can be chosen by the insured. The problem is that compared to insurance that is compulsorily applied to waged workers, the level of benefits is low whilst contribution level is high (Noh, Son and Chung, 2021). In fact, as described above, the self-employed should pay 2.25% of the standard income as a contribution, whilst wage workers and workers in special employment types can share a contribution of 1.6% and 1.4% with their employers. Also, for those two types of workers, unemployment benefits are determined at 60% of the average wage, whereas for the self-employed, about 41% of the standard income is paid as benefits.

For this reason, it is estimated that the ratio of those who have employment insurance to the total number of self-employed in Korea is only around 1%, which is very low (Noh, Son and Chung, 2021). The reason for this situation is that the self-employed are not charged contributions based on precise income and there is a recognition that the self-employed have more discretion to manage their own business risks. Therefore, as the information on the self-employed with respect of income or unemployment status is insufficient compared to that of wage workers, the risk of moral hazard that they can abuse their insurance increase, so as way to prevent this, an insurance method with

weak characteristics of welfare was designed. In this way, it is difficult for unemployment insurance to play a sufficient role as a public policy in the current labour market situation where strong attachment with employers is weakening. In order to solve this problem, it is necessary to build a system that accurately identifies their income.

As such, it is difficult to see that Korea's unemployment insurance system broadly protects workers of various types of employment. In particular, the factors that made these limitations are that the eligibility requirements and the method of imposing and collecting contributions are based on the traditional employment relationship, and that an appropriate level of contribution is not applied. A case study will be conducted based on this awareness of the problem and try to find out how two countries (UK and France) have addressed unemployment insurance systems in this regard.

#### **4. Case study**

The purpose of this part is to review the unemployment insurance system of each country and to investigate the trends each country is showing in terms of covering self-employed and non-standard workers in the system. Based on this analysis, it will draw implications that can be synthesized to Korea's policy improvement. However, development of unemployment insurance system and which issues and problems are considered as major agenda may differ depending on the political and social environment each country is faced with. Therefore, the implication is not only about good cases to be learned, but also includes lesson learning from the problems and obstacles in improving the Korean system.

## 4.1. United Kingdom

### Review of the system

In order to understand the British unemployment insurance system, it is necessary to first look at how the UK social security system is structured. The UK first introduced compulsory legal unemployment insurance system in 1911. However, unlike the current system, it mainly targeted low-income workers and also was limited to some industries where unemployment occurs frequently (Nam and Baek, 2011; Jones and Lee, 2004). This changed when Labour Party which came to power in 1945, built a social security system based on the Beveridge Report, which aims for universality that legally encompasses all people living in the UK (Fernández, 2021). Based on this, some of social security schemes were integrated into the National Insurance (NI) system, including unemployment insurance, and benefits have been operated within this system (Nam and Baek, 2010). The NI provides cash benefits in case of social risks including illness, death of a partner, retirement as well as unemployment (EU, 2011).

Insurance contributions are divided into four classes according to employment status and income, as shown in *Table 3* below. The entitlement to pay contributions is determined when one's income exceeds a certain income threshold, regardless of working hours. In the case of Class 1, traditional wage earners are assumed in this category and both the employee and the employer are obligated to pay contributions. If an employee receives an income of a certain amount or more, the employer deducts the employee's contributions when paying the wage and pays whole amount of contributions (including employers' share) to HM Revenue and Customs (HMRC).

When it comes to contribution rate, the employer's share is 13.8% and the employee's share is 12% (2% for earnings exceeding £962 per week) (HMRC, 2021). Self-employed workers should pay Class 2 and 4 contributions through self-assessment. One in Class 2 is required to pay £3.05 a week, and for one in Class 4, a contribution rate of 9% is applied (2% for profits exceeding £50,000 per year) (HMRC, 2021). HMRC is responsible for the collection of national insurance contributions (NIC) in the UK, and the Department of Work and Pensions (DWP) is responsible for the payment of benefits (EU, 2011; Fernández, 2021).

<b>NI Class</b>	<b>Who pays</b>
Class 1	Employees earning more than £242 a week
Class 2	Self-employed earning profits of £6,725 or more a year
Class 3	Voluntary contribution for periods in which contributions are not paid
Class 4	Self-employed earning profits of £11,909 or more a year

*Table 3.* Classification of National Insurance Contribution level

Source from Government of the UK (no date) (<https://www.gov.uk/national-insurance>)

The method of calculating the income for the imposition of NIC differs depending on whether the person is employee or self-employed. First, in the case of employee who pays Class 1 contributions, NIC is collected using an IT system called ‘Pay As You Earn (PAYE)’ (LITRG, 2022). Employers are obliged to pay NICs of employees to the HMRC through the PAYE system after deducting those contributions from the employee’s wages (LITRG, 2022). The PAYE system is a Real Time Information (RTI) system, so the employee’s income is immediately reflected to the overall database, and this data is used for imposing and collecting NIC and national income tax (HMRC, 2014).



In other words, in the UK, information related to NIC and income tax is managed together, which reflects real-time information of each workers' income. In the case of self-employed, their income (usually referred to as profit) is notified to the HMRC through the self-assessment once a year, and the NIC is charged according to their income level accordingly. Based on this, HMRC collects income tax and NIC of the self-employed. Although the method is different, it is the same as that of an employee in that identifying the income information is done together for the national income tax and NIC.

Generally, unemployment insurance refers to a system in which workers (and employers in many cases) pay insurance contributions and get paid benefits in case of unemployment. In this regard, 'New style Jobseeker's allowance (JSA)' can be considered as a traditional scheme of unemployment benefits in the UK. This New style JSA is also referred to as contributory JSA. The eligibility of JSA is given only to workers who have a history of paying Class 1 contributions, which means that self-employed workers (Class 2 and Class 4) are not eligible for JSA benefits. JSA is paid in a fixed amount according to age and is paid for up to 182 days (about 6 months). To be paid JSA, the unemployed should be able to work and actively participate in job-seeking activities. However, working less than 16 hours per week is still considered be eligible so the unemployed can be paid JSA even if they are working.

As such, in the UK, the integrated social insurance system called National Insurance covers all types of workers, including non-standard workers and the self-employed, but there is a difference in the payment of unemployment benefits (in this case, JSA) according to employment status.

Excluding the self-employed from the contribution-based JSA is a long standing position in the UK government, and the main rationale for this goes back to the Beveridge Report. According to the report, contributory-based benefits cannot be applied to self-employed people because it is not clear to what extent self-employed people should be considered as unemployed, because they can adjust their working patterns and conditions (Kennedy and Seely, 2014). In addition, in the UK, the contribution level of Class 2 and 4 to which the self-employed belong is much lower than that of Class 1, so it remains a practical problem that the cost is too high to pay contributory JSA to self-employed as well (Kennedy and Seely, 2014).

Instead, the UK has supplemented this void in the social security system regarding unemployment by providing income-based JSA as form of non-contributory unemployment assistance which include self-employed. This income-based JSA was integrated into Universal Credit after the Welfare Reform Act in 2012 and play the same role nowadays (UNÉDIC, 2020).

As such, it can be said that the unemployment related social security system is being supplemented by allowing workers classified as self-employed who do not belong to Class 1 to receive universal credit with means-testing. This has meaning in terms of universal application, but it is criticized for low generosity because the level of support is not that adequate (Swindells, 2021).

### **Issues related to changing labour market**

A person's employment status is important in determining the entitlement to the UK's social security system, especially unemployment insurance represented by JSA. Taking in to account the UK employment law, there are three types of employment status in the UK; Employee, Worker and Self-employed (CIPD, 2021).

When it comes to applying NI system, in the UK, employees and self-employed are managed differently, and in the case of workers, it is judged whether they are employees or self-employed according to individual circumstances. The issue related to this is the ambiguity of the status of non-standard workers due to changes in the labour market such as development of

the gig economy (Bradshaw and Bennett, 2017). As new types of workers such as platform workers appear, there is a problem that arises because the standards for whether to consider them as employees or self-employed are ambiguous. This has not yet been clearly stipulated by law, but it is determined on a case-by-case basis, and efforts are being made to clarify it.

For example, in 2021, the Supreme Court ruled that Uber drivers are employed workers rather than self-employed (Russon, 2021), which can be seen a major judgement in determining the status of non-standard workers at boundary between employee and self-employed. In addition, the Taylor Review, which was written by the request of UK government, was published in 2017 and it dealt with issues regarding changes in the labour market. It suggested that new forms of labour are questioning the existing employment legislation, and thus, it is necessary to increase clarity of the law and encourage those workers to exercise their rights fairly (Taylor et al., 2017). Especially, non-standard workers, such as dependent contractors, are vulnerable group in terms of social security system, so the report suggested that efforts should be made to clarify the criteria that distinguish these types of groups so that they can receive fair support (Taylor et al., 2017).

Also, in the UK, the number of self-employed has been increasing, and there has been a social debate about whether the current social security system is adequately protecting them (Bradshaw and Bennett, 2017). As described above, in the UK, the self-employed cannot be entitled to a contributory based unemployment insurance following the rationale that they pay a lower level of NICs compared to employee and can take responsibility and control for their own business. There have been attempts to solve the problem of differences in benefits for the self-employed in the UK, so government devised an approach to increase contributions for self-employed by integrating the separate contribution rate (Class 2 and Class 4) into one (Class 4), which leads to increase in overall contribution rate (Gu, 2021). Based on this, UK government intended to impose eligibility for contribution-based JSA to the self-employed as well, but this approach was not realized due to opposition to the increase in contributions (Gu, 2021).

Instead, UC seems to have an effect in terms of universality of application regardless of employment types, but at the same time, it has been criticized a lot in terms of adequacy of support (Maddison and Porter, 2021). The reason is that the UK is designing the overall direction of unemployment-related benefit policies to return the unemployed to the labour market as quickly as possible under the value of austerity. However, it has been criticized for not

functioning as a sufficient social protection system due to enhanced conditionality and reduced benefits in this process (Arnold, Caddick and Krebel, 2021; Martin, 2015).

## **Implications**

Unlike Korea, where employment insurance is operated separately from other social insurances, unemployment insurance in the UK exists as one of the benefits provided under a single social insurance called National Insurance (Gu, 2021). Therefore, regardless of employment status, all workers are included in the National Insurance, and the standard for judging the eligibility is the individual's level of income.

In addition, in the operating of insurance in the UK, the method of gathering income information for the imposition of contributions is integrated with the National Tax authorities (HMRC). With this method, it is possible to capture the income of the insured regardless of their employment status, making it easier to include all workers in the social insurance system.

In summary, it appears that the UK national insurance includes broad types of workers in the insurance system through a single integrated social insurance system and an efficient income identification system. Because Korea's goal is to include these workers in the insurance system itself, implications can be obtained from the UK's integrated insurance system. At the same time, as the difference in contribution level between the self-employed and the employee in the UK is a major factor than hinders the expansion of unemployment benefits for self-employed, in order for Korean government to include the self-employed and other non-standard workers in a compulsory employment insurance system, it is necessary to set up a system which is acceptable form of imposing and managing insurance contributions for those workers.

The UK has also introduced integrated benefits called UC for universal social protection, but it is also necessary to learn a lesson from the problems this may have. That is, while maintaining the universal scope of application, it is also important to maintain adequacy of support in order to function as a good social protection system.

## **4.2. France**

### **Review of the system**

France's social security system is based on the system with mandatory social security contributions that is levied on individual's income. Because imposition and collection of contribution is operated in an integrated way, in order to understand the overall French unemployment insurance system, it is necessary to first look at how France's overall social security system is structured. Currently, France's social security system, including unemployment insurance, has been in a process of reforms since 2018 in accordance with the strong ambition of Macron government. In the following, the social security system will be explained with a focus on the current state of change.

The classification of employment status for the purpose of applying the social security system is divided into two main categories: Employee and self-employed (Fernández, 2021). Until 2018, most social benefits were operated separately according to the employment types, that is, whether an employee or



self-employed (Fernández, 2021). Specifically, the system for employees was operated in the system called general regime (régime general) and for self-employed, system called régime social des indépendants was applied (Fernández, 2021).

However, in the recent changes in the labour market, where employment types are diversified and job changes are frequent, the recognition that the regime system that operates separate scheme according to the employment type is ineffective has been occurred, so there has been attempts to minimize the complexity in the structure of social security system and build an integrated system (Roh, 2018). As a result, the independent regime for self-employed was eliminated, and the integration into the general regime was completed in January 2020 (Fernández, 2021).

Under this general scheme, contributions for the payment of social security benefits are collected together, with each contribution for various purposes (e.g., unemployment, old-age insurance, family benefits, accidents at work) being paid separately (CLEISS, 2022a).

Other than these contributions, other important source of financing for the French social security system is Generalized social contribution (Contribution sociale généralisée; CSG), which is levied in a quasi-tax form, thus usage of CSG is not limited to specific benefits (CLEISS, 2022a). The collection of social contributions under this general scheme is managed collectively by the organization called Unions de Recouvrement des Cotisations de Sécurité Sociale et d'Allocations Familiales (URSSAF).

As described above, the management system of the French social security system has been integrated into the general regime, but the application of unemployment benefits remains different by employment types. Unemployment benefits in France is called Support for Return to Employment (Allocation d'Aide au Retour à l'Emploi; ARE), which is operated on a contributory based scheme.

ARE is paid only to employees so that only workers who have employment relationship with certain employers can get paid benefits. Therefore, it does not apply to workers who are judged to be self-employed (Fernandez, 2021). Eligibility requirements of France are quite similar to Korean system. To be eligible for ARE, workers have to worked at least 910 hours (or 6 months) in the past 24 months (CLEISS, 2022a). Also, the unemployed should

be registered as job-seekers at job centre (Pôle emploi) and are actively seeking jobs (CLEISS, 2022a). Lastly, until 2018, France, like Korea, paid unemployment benefits only when the unemployed were in an involuntary unemployment situation. However, as part of the reform in social security system, voluntary unemployment also can be qualified for benefits if the unemployed provides substantive career change plan (Jang and Park, 2018; Yang, 2020).

The most notable change in unemployment insurance occurred from the reform carried out since 2018 is the introduction of unemployment benefits for self-employed who have not been able to benefit from the existing unemployment benefits system. The scope of self-employed includes not only the traditional sense of running a business without dependence, but also dependent self-employed and independent contractors with some degree of economic dependence (Yang, 2018). Unemployment benefits paid to the self-employed are Self-Employed Allowance (Allocation des Travailleurs Indépendants; ATI), which is different from the ARE paid to employees in terms of eligibility requirements and financing methods (CLEISS, 2022b; Fernandez, 2021; Jang and Park, 2018).

ATI is financed from CSG, a kind of social security tax paid by all workers as described earlier, so it is not exactly contributory based scheme like ARE (Jang and Park, 2018). Accordingly, there arises a problem of equity in the sharing of insurance contributions between the self-employed receiving ATI and employees receiving ARE. To balance this burden whilst reducing the burden of contributions to the self-employed, the contribution related to ARE paid by employees were eliminated and only contributions to employers were retained (Jang and Park, 2018).

Instead, contribution rate of CSG have been raised to offset the decrease in contribution paid by employees. Eligibility requirements for receiving an ATI are relatively demanding. Claimant must have been in business for at least two years and be generating at least €10,000 per year and their business must have gone into legal liquidation (CLEISS, 2022b). They must also be earning income below the French minimum income level (also known as active solidarity income) when receiving this payment (CLEISS, 2022b).

## Issues related to changing labour market

France proposed various reforms for social security system, including unemployment insurance, during the Macron government. The slogan for the reform of unemployment insurance system was a *universal unemployment insurance system (assurance-chômage universelle)*, which means the willingness to comprehensively protect people with income through the unemployment insurance system. What promoted these reforms is the changing labour market, in which one person experiences various jobs and the boundary between wage-based labour and self-employment was blurred (Roh, 2018). In a situation where the type of employment by one person becomes more diversified, the reform method chosen by France to increase the predictability of benefits and minimize excluded groups was the payment of unemployment benefits to the self-employed and involuntary unemployed workers. To realize this reform, France raised the contribution rate of CSG, which is kind of a social security tax paid by all workers on income, and at the same time eliminated the employee's contribution share for unemployment benefits. This can be seen as a significant step in the way insurance contributions are charged according to individual income rather than employment relationship in which employees are subordinated to one employer.

## Implications

French unemployment insurance system before reforms was quite similar to that of Korea in many respects. Compulsory insurance apply only to employees with traditional employment relationship and unemployment benefits were financed from contributions paid by both employers and employees. In addition, the requirements for receiving unemployment benefits also had many similarities, such as excluding involuntary unemployment from payment. Therefore, it can be appropriate to benchmark some of the recent reforms in progress in France to the situation of Korea. The most notable implication is that the self-employed were also included in the compulsory unemployment insurance system.

The most important factor that made France's reforms possible was the adjustment of the contribution rate. In order to apply unemployment insurance to all workers regardless of the employment types, it is necessary to charge contributions according to the individual's income they are receiving, not on what kind of employment relationships they have. The French government tried to realize this by eliminating employee's contribution and using CSG, which is levied on an individual's income regardless of whether they are employed or not, as an alternative source of finance.

## **5. Recommendations**

### **5.1. Overall direction**

To effectively respond to the changing labour market, social security systems should be able to adequately protect all workers with income. Behrendt and Nguyen (2019; 212) proposed principles for policies related to social security systems in a changing labour market, including (1) universal access to systems, (2) adequate level of support (in terms of income replacement or preventing poverty), (3) transferability that can quickly reflect structural changes in the labour market to social security system, (4) transparency so that all actors can fully know their rights and responsibilities and (5) good governance in which financing is sustainable and equitable.

The problems of Korean employment insurance system analysed above were pointed out as an outdated management system based on traditional employment relationships and the inability to set an acceptable and equitable contribution rate for all types of workers. These problems are directly or

indirectly act as a barrier to the realization of the principles described above. Therefore, policy recommendations for Korea should be made in a way that can solve the problems, realizing those principles. In the process of devising specific recommendations for the system, case study of two countries gave useful insights.

## **5.2. Recommendations for the system**

### **Establishment of integrated insurance management system by individual unit**

The current unemployment insurance system in Korea was designed based on assumption of standard workers, so management of the insured and imposition of insurance contribution are managed by workplace. Therefore, the scope of workers currently covered by the compulsory employment insurance is limited to the range in which the employer can be specified, so self-employed or non-standard workers whose employers are difficult to be identified are excluded from protection.



A key principle in solving these problems is to weaken the link between employment relationships and social security systems (Nam, 2020). To do this, the system should be structured in such a way that, instead of reporting the information of the employee hired by the employer to COMWEL on a workplace basis, the system should be established in a way that identifies individual workers who generate income, imposes contributions individually. To make this possible, it is necessary to establish a system that can effectively and transparently grasp individual income in real time (Lee, 2018; Jang and Hong, 2020; Lee, 2019).

Since identifying income incurs high administrative costs, in many countries, including the UK and France, social insurance contributions are imposed and collected by a unified institution based on the same standards for calculating income (Lee, 2018). As described case study, in the UK, HMRC, which is the tax authority, is in charge of those tasks, and in France, URSSAF has responsibility to do. Also, because tax authority has expertise in income identification for collecting income taxes, it is also very important to maintain a cooperative relationship with tax authority even when a separate social insurance organization manages the process of collecting contributions (e.g., France).

In the case of Korea, since social insurance is not operated in an integrated way, the scope of coverage and standards for imposition of contributions are slightly different depending on the type of social insurance. Also, the tax authority (National Tax Service; NTS) is not providing any official support in relation to the collection of social insurance (Lee, 2019). Because of this, Korea's employment insurance system does not properly capture individual income, as seen earlier, and this impairs transferability that can respond quickly to changes in the labour market. As a way to solve this problem, it can be considered that the tax authority, like the UK, takes a responsibility of imposing and collecting social insurance contributions. In fact, whilst unemployment insurance management system does not identify the income of self-employed and many non-standard workers, NTS relatively has capability of identifying the majority of all workers (Jang and Hong, 2020; 79), so the use of this information would be a very meaningful transition in expanding the coverage of unemployment insurance.

However, since this is a very radical change, it may be difficult to complete this in a short period of time because there are many differences between unemployment insurance scheme and tax scheme such as cycle to identify income. Therefore, as an intermediate step, an integrated social insurance management institution can manage the insured workers and collect

insurance contributions, whilst strengthening cooperation with a tax authority. IMF proposed several measures regarding this, such as coordinating activities such as joint audit from both departments and building a system to share information (Orhnial, 2021).

### **Setting an equitable and receptive contributions and eligibility requirements**

In order to apply universal unemployment insurance coverage, it is important to secure sufficient financing sources to support it. Especially, those who cannot share insurance contributions with specific employers, such as the self-employed or non-standard workers with weak subordination are issues to be solved. As described in the analysis on problems of Korean system, self-employed or non-standard workers whose employer is not specified may have difficulties in paying the contributions or feel reluctant to join the insurance system because of burden of paying contributions (Oh and Chung, 2020).

Countries that seek universal coverage also had this issue, so those countries tried to resolve this conflict by adjusting contribution rate or eligibility requirements. Although the detailed approaches are different in the UK and France, a common lesson in this regard is that reducing the burden of contributions for self-employed or non-standard workers helps to establish universal insurance system. To do this, the UK applies a relatively low contribution rate to self-employed and France uses a kind of non-contributory tax (CSG) as a complementary financial source to lighten the burden of paying contributions.

However, these methods evoke an equity problem with employees when it comes to the level of contribution. As a solution to this, the UK sets the range of benefits for self-employed narrower than that of employees, and France has rather strict eligibility requirements for self-employed. Both methods facilitate the establishment of social insurance system for self-employed, but at the same time, they should be applied with caution as they may weaken their function as a social protection system.

To establish a universal unemployment insurance coverage in Korea, as suggested above, the system should be changed in a way that accurately identifies the income of all types of workers and charges insurance contributions

accordingly. This will increase the burden for workers who had not been covered from insurance system, especially self-employed workers as seen in the UK and France cases. Therefore, measures should be taken together to reduce the burden on those workers.

Firstly, it is possible to consider imposing a low level of contribution, as in the UK, but at the same time, lowering the benefit level for self-employed or equivalent non-standard workers. However, this method can be criticized of its inadequacy of support, just like the UK, and especially in Korea, given that the overall income level and working condition of those workers are inferior compared to standard workers', these measures may not be sufficient in terms of establishing social safety net for them. Even in the UK, there have been suggestions that contribution rate for employees and self-employed should be closer to solve the disparity of benefits problem (Taylor et al., 2017; 72).

A next conceivable measure would be to impose the same level of contribution rate but expand government support financed by taxes for contribution payments. This can have the same effect as providing financial support by eliminating the contribution levied on employees for universal employment insurance coverage in France and raising the rate of CSG, a type of social insurance tax levied on income. Through this, financial stability and

reducing payment burden can be achieved together. However, since the issue of equity in supporting contribution payment by tax may arise, it is necessary to consider additional measures to set the eligibility requirements differently for payment support such as means-testing or considering business size.

### **Reducing complexity of classifying various types of workers**

As employment types are diversifying, the issue of judging workers who are on the boundary between employee and self-employed is becoming increasingly important. In particular, it is very important for workers to accurately understand their rights and responsibilities because eligibility requirements for contributions and benefits may be different even if employment insurance is universally applied. It can be said that the UK and France are realizing the universal application of unemployment insurance to some extent, but the issue of difficulty in identifying employment status remains problems to be solved.

Korea will also face this problem in the process of expanding the coverage of unemployment insurance. Almost no countries appear to have fully resolved this issue. In fact, in most countries, employment status is judged on a case-by-case basis. In this regard, Taylor et al (2017) suggested that individual workers should fully understand their rights and responsibilities by clarifying the criteria for judging employment status.

In order for Korea to solve this problem, it is necessary to simplify the employment status used in the way unemployment insurance is applied. Unlike the UK and France, which divide workers into two categories (employees and self-employed), Korea has a separate status called workers in special types, and also insurance coverage applies according to occupation within those types. This can make it difficult to operate the system in response to the changing labour market flexibly. Therefore, it would be better to simplify employment status, reducing the complexity within the system. This will reduce the administrative processing costs required to apply unemployment insurance and will make it easier for workers to understand how much contribution they should pay and what benefits they can receive.

## **6. Conclusion**

The labour market is constantly changing due to technological advances and changes in people's perceptions and attitudes related to labour, and building a social security system that can respond flexibly to this cannot be delayed any longer. In this regard, this study aims to analyse what challenges the unemployment insurance system, a representative social security system related to unemployment, is experiencing in the changing labour market, and, in particular, to suggest the direction to be taken by detailed analysis on the Korean system. To draw key implications for recommendations, the case study was conducted on unemployment insurance systems in the UK and France.

According to the analysis, the limitations of the existing unemployment insurance system due to changes in the labour market represented by the current diversified employment form and the transition to the gig economy are a problem shared by many countries, but in the case of the Korean system, some characteristic that hindered the effectiveness of the system were found, such as the management system of the insured and the method of imposing contribution and setting eligibility requirements. In this regard, this study suggested recommendations: (1) reorganize the insurance management system in an individual's income unit regardless of employment type, (2) to



establish a contribution rate and eligibility requirements that balance financing and adequacy of support to maintain universal insurance coverage, and (3) to reduce the complexity of the system so that workers can clearly understand their responsibilities and rights.

These measures will significantly change the structure of Korea's employment insurance system. To make these big changes, it is not only necessary to make great administrative efforts, such as reorganizing the roles of the relevant government and public institutions, and to amend laws, but it is also important to form a sufficient social consensus as it is an issue that has a great impact on individual workers and employers.

The final policy goal is to reduce the blind spot in the existing social security system that may occur due to changes in the labour market, and it is hope that this study will provide meaningful insight to achieve this goal. This report is intended to present a broad framework to accomplish this goal, however, the detailed action plan on what role each stakeholder should play for this change was not sufficiently included in the scope of the study. For this, it seems that further research is needed in the future.

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