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Influence of on a company's selective working hour system on the employment rate of disabled people in South Korea

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Abstract

The purpose of this study is to analyze the effect of companies' selective working hour system on the employment rate of disabled people. For this purpose, the original data of the 2021 Survey on the Employment Status of the Disabled in Business was used for the analysis. The results of the study are as follows. First, number of workers, the location of companies, and business type as the control variables have a significant effect on employment rate. Second, companies' selective working hour system was analyzed to have a statistically significant effect on the employment rate of disabled people. Based on the results of this study, it was proposed to strengthen employment for companies subject to compulsory employment of the disabled, to provide incentives when companies introduce the selective working hour system, to develop and distribute a customized selective working hour system model for the disabled, and to prevent prejudice against non-disabled people in introducing the system.

Keywords: disability, employment rate, selective working hour system.

1. Introduction

Work plays an important role in living a happy life as a member of society. Disabled people can also have a job, maintain a stable life as an employee, and secure the quality of life of each individual. Furthermore, by participating in the productive welfare of society, the basic conditions for achieving true social integration within the community to which individuals belong will be provided (Lee, 2015), and they will be able to enjoy true happiness in life.

However, since it is very difficult for persons with disability to enter the labor market or maintain a job, it is difficult to integrate into society through work and to pursue life satisfaction (Lim & Lee, 2011; Kim, 2013). Korea has maintained a policy to expand employment of the disabled centered on the 'mandatory employment system for the disabled' since 1991, and has shown tangible results in the employment of the disabled until now through the continuous process of revision of the law (Lee, 2019).

Nevertheless, the employment rate of persons with disabilities in the private sector (businesses employing 50 or more workers at all times) in 2021 was 2.96% (Statistics Korea, 2022), the same as the previous year and still below the mandatory employment rate of 3.1%. Compared to non-disabled people, it is still difficult for people with disabilities to achieve true social integration within the community due to their low employment rate, high unemployment rate, and low wages (Kim, et al., 2018).

Kwon & Kim (2016) presented the evidence that the compulsory employment system did not reliably drive the employment rate of persons with disabilities in the results of their analysis of OECD countries. Country group with the compulsory employment system showed a statistically higher difference in employment rate than the non-enforced country group, but there was no difference between the two groups in the relative employment rate index, which shows the relative employment rate of disabled people to non-disabled people. In the end, it shows that there is a limit to increasing the employment of the disabled simply by introducing the mandatory employment system.

Recognizing disabled workers as important human resources from the perspective of

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corporate performance, the importance of establishing a strategic and systematic 'disability-friendly management' system for the employment of the disabled is being emphasized. Already, in many advanced countries, the introduction of the Anti-Discrimination Act and the regulation of reasonable consideration have sparked interest in equal employment and guarantee of opportunity for the disabled, and the need for friendly and professional management of human resources with disabilities has been emphasized in companies (Jang et al, 2019). In this context, improvement of the working environment for the disabled in Korea is inevitably important in promoting employment of the disabled.

Many of the disabled workers may be restricted from working during fixed hours due to mobility issues and health problems. For this reason, the selective working hour system that supports the disabled to use their working hours flexibly is expected to promote employment of the disabled.

Although some studies have been conducted on the improvement of the working environment for the disabled, it is difficult to find any studies demonstrating how the introduction of the selective working hour system affects the increase in employment of the disabled in private companies.

Therefore, the purpose of this study was to empirically reveal how the introduction of selective working hour system affects the employment rate of disabled people in private companies.

2. Materials and methods

2.1 Research Design

This study set the employment rate of disabled people in company as a dependent variable and the introduction of selective working hour system in companies as an independent variable in order to verify the effect of employment rate of disabled people. Also general companies' characteristics (location, business type, number of workers) were set as control variables.

2.2 Materials

For this purpose, the original data of the 2021 Survey on the Employment Status of the Disabled in Business was used for the analysis

The purpose of this survey is to estimate the employment-related size of the disabled in all Korean companies, and to identify the employment conditions and employment factors. The number of companies in the 2021 survey is 20,984 in total, and the number of companies in the in-depth survey is 6,200. The basic survey was conducted using a computer-based telephone survey from June to November 2021, and the in-depth survey was conducted using a computer-based face-to-face interview method from July to November (Korea Employment Promotion Agency for the Disabled, 2021).

In this study, 4,969 companies employing the disabled among the 6,200 companies subject to in-depth survey were used as analysis data.

2.3 Variables

2.3.1 Dependent Variable: the introduction of selective working hour system in companies

The introduction of selective working hour system in companies' variable in this study was measured as a dummy variable (introduction of selective working hour system=1, non-introduction of selective working hour system=0).

2.3.2 Independent Variable: Employment rate of disabled people in company

Employment rate variable was included as an independent variable, and measured as a dummy variable (employment=1, non-employment=0).

2.3.3 Control Variables: Companies' general characteristics

Location, business type, number of workers were included as control variables, and they were measured as a dummy variable.

- Location: Seoul metropolitan area(reference variable), metropolitan area, other area
- Business Type: manufacturing (reference variable), service1(sales, lodging, restaurants), service2(other services), other business
- Number of Workers: 50 or more, less than 50(reference variable)

2.4 Data Analysis

Frequency, mean, and standard deviation were analyzed for descriptive statistical analysis of the general characteristics of subjects and characteristics of major variables. A regression analysis was conducted to analyze the effect of companies' selective working hour system on the employment rate of disabled people. For data analysis, SPSS 18.0 statistical package was used

3. Results & Discussion

The results of analyzing the general characteristics of the respondents are shown in <Table 1>.

There were 444 (89.5%) companies with more than 50 workers, which are the criteria for companies subject to employment for the disabled, and 521 companies with less than 50 workers (10.5%).

Seoul Metropolitan area was the most common location at 58.9%, followed by other areas (25.1%) and Metropolitan area (16.0%). In Industry types, Service2 type was the most common (53.2%), followed by Manufacturing type (35.9%), Service1 type (6.7%), and other types (4.2%). Only 7.5% of companies introduced the Selective Working Hour system, and 92.5% of companies did not.

< Table 3> shows the results of regression analysis on the effect of companies' selective working hour system on the employment rate of disabled people. The explanatory power of this model was 14%, and the VIF was less than 10.0 in all variables, indicating that there was no problem of multicollinearity.

As a result of a regression analysis analyzing the effect of companies' selective working hour system on the employment rate of disabled people, first, Number of workers ($t=-84.768$, $p<.001$) and Location (Metropolitan area: $t=-5.735$ $p<.001$, Other area: $t=18.242$ $p<.001$), Business Type (Service1 : $t=-14.055$ $p<.001$, Service2 : -18.324 $p<.001$, Other business : $t=-7.113$, $p<.001$) among the control variables had a statistically significant effect. Businesses with less than 50 employees had a higher employment rate than those with more than 50 employees. In other words, even though it is not a company subject to compulsory employment for the disabled, the employment rate of the disabled was higher for small companies. In terms of the location of the company, the Seoul Metropolitan Area had a higher employment rate than the Metropolitan Area, but lower than the Other Area. In the industry types, the

Manufacturing type was proved to have a higher employment rate than the Service1 type, Service2 type, and other types.

Second, the independent variable, companies' selective working hour system, was analyzed to have a statistically significant effect on the employment rate of disabled people

($t=20.544$, $p<.001$). In other words, it was analyzed that companies that have introduced flexible hours hire more people with disabilities. The results of this study show that in order to hire more disabled people, support is needed to introduce a working hours system that considers the convenience of the disabled.

Table 1: The General Characteristics of Respondents (Total Number=4969).

Variables	Classification	N	%
Number of Workers	Less than 50	521	10.5
	50 or more	4448	89.5
Location	Seoul Metropolitan area	2927	58.9
	Metropolitan area	797	16.0
	Other area	1245	25.1
Industry type	manufacturing	1785	35.9
	Service1	332	6.7
	Service2	2644	53.2
	others	208	4.2
Selective working hour system	Introduction	371	7.5
	Non-introduction	4598	92.5

Table 2: The Influence of Companies' Selective Working Hour System on the Employment Rate of Disabled People.

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	SE	β			
(constant)	10.169	.091		111.801	.000	
Number of workers	-6.763	.080	-.344	-84.768	.000	1.044
Metropolitan area	-.598	.104	-.025	-5.735	.000	1.176
Other area	1.642	.090	.079	18.242	.000	1.182
Service 1	-2.043	.145	-.061	-14.055	.000	1.184
Service 2	-1.599	.087	-.082	-18.324	.000	1.261
Other business	-1.217	.171	-.030	-7.113	.000	1.113
Selective working hour system	3.747	.182	.083	20.544	.000	1.021
R ²				.140		
Adj-R ²				.140		
F				1265.13***		

* $p < .05$, ** $p < .01$, *** $p < .001$

4. Conclusions

Based on the above research results, it proposed the following strategies to promote the employment of people with disabilities.

First, number of workers, the location of companies, and business type as the control variables have a significant effect on employment rate, so there is a need for a policy to strengthen employment for companies subject to compulsory employment of the disabled, not manufacturers in metropolitan areas. Currently, in Korea, despite the policy of imposing an employment levy when companies that do not hire the disabled, the mandatory employment of the disabled is still insufficient. Therefore, it is necessary to raise the employment levy or to implement stronger obligations. In addition, support for small businesses that are not subject to compulsory employment but actively employ the disabled needs to be expanded.

Second, since companies' selective working hour system was found to be an important factor in increasing the employment rate of disabled people, improvement measures are needed to promote companies' selective working hour system for persons with disabilities.

Many of the disabled workers have mobility problems or health problems, so it is essential to improve a disability-friendly working environment. Providing convenient working hours to workers with disabilities is inevitably very important for improving the work performance of the

disabled, and thus will also benefit the company's profits. It is also necessary to provide incentives when companies introduce the selective working hour system, and to develop and distribute a customized selective working hour system operation model for the disabled.

Finally, with the introduction of the selective working hour system, it is necessary to improve the awareness of workers with disabilities. If the selective working hour system applies only to the disabled, non-disabled workers may perceive it as reverse discrimination and have a negative perception of the employment of the disabled. If both disabled and non-disabled workers are subject to the same selective working hour system, or if a selective working hour system targeting the disabled is introduced, prior education should be given so that non-disabled workers can fully understand and sympathize with the necessity of introducing the system.

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