

BIPO TIMES

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South Korea: Recent Amendments to the Labour Standards Act

On 28 February this year, the South Korean National Assembly passed a legislative amendment to reform the Labour Standards Act (LSA). New amendments which affect the maximum weekly work hours, overtime pay, annual leave and paid public holidays for the private sector reflect the government's desire to change the workaholic culture, improve quality of life as well as to boost employment and birth rate. South Koreans work an average of 2,069 hours annually, the second longest after Mexico among members of the Organisation for Economic Co-operation and Development (OECD).

Some of the key changes are summarised as follows:

Minimum Wage

Effective 1 January 2018, the minimum wage is KRW 7,530 per hour, which is equivalent to KRW 1,573,770 per month for a 40-hour week. This is a 16 percent increase over the previous year and twice the average increase rate in minimum wage.

Maximum Work Week

Work week is now defined as seven days, including weekends from Monday to Sunday. From 1 July 2018, the maximum weekly working hours will be reduced from 68 to 52 hours, which consist of 40 regular hours and additional 12 hours of overtime.

This new law will be applied to organisations with 300 or more employees and will be extended to smaller firms (50-299 employees) on 1 January 2020 and 1 July 2021 (5-49 employees). 16 hours for weekend work will no longer be permitted.

From 1 July 2021 to 31 December 2022, employers with fewer than 30 employees can enforce 8 additional work hours, on top of the 52-hour weekly limit by a written agreement with the employees.

Overtime

Effective 20 March 2018, employees who work up to 8 hours per day during holidays (i.e. weekends) are paid 150 percent of their basic salary, and 200 percent for working over 8 hours.

Paid Public Holidays

Private employers now have legal obligation to treat public holidays as paid holidays. Currently, Labour Day (1 May) is the only mandatory paid holiday under the Establishment of Labour Day Act of 1994. Observance of other public holidays is based on collective agreements or rules of employment. This new mandatory public holiday system will take effect on 1 January 2020 for employers with more than 300 employees, 1 January 2021 for 30-299 employees and 1 January 2022 for 5-29 employees. Employers with less than five employees are exempted.

Annual Leave for New Employees & Employees Using Childcare Leave

The annual leave system is now extended to cover the first year of employment. Presently, employees have 15 days of leave entitlement during their first two combined years of employment. The amendment will provide employees who have worked for less than a year at their current job (as of 29 May 2018) with up to 11 days of leave for the first year and 15 days from the second year. Unpaid statutory childcare leave will be regarded as days worked in calculating the days of annual leave to which an employee is entitled.

Employer Implications

These recent amendments are expected to have a significant impact on the country's labour sector. Organisations may incur additional annual labour costs exceeding KRW 12 trillion, according to a study by the Korea Economic Research Institute. Employers should examine how these changes affect their businesses and review their internal work policies to the new legislative requirements to ensure compliance.

Exempt Industries

From 1 September 2018, the new law decreases the number of exempted businesses from 26 to five, which includes marine, air, land transportation (excluding bus services), postal delivery services and healthcare industries. Exempted employers must allow a break of at least 11 continuous before each work day.

Reduced Maximum Working Hours for Minors

From 1 September 2018, the new law The maximum work hours of minors aged 15 to 18 should not exceed 40 hours a week, reduced from 46 hours.

Potential Criminal Penalties

Failure to pay employees their full wages and overtime or day-off pay is a criminal offence. The penalty will be up to 3 years of imprisonment or a fine of up to KRW 20 million. Having employees work excessive overtime beyond the 52-hour limit is also a crime, subject to imprisonment for up to two years or a fine of up to KRW 10 million. Failure to provide mandatory public holidays will also be subjected to equal maximum penalties.



BIPO Japan Exhibits for the First Time!

Our Japan team had a blast at the Nikkei Smart Work Human Capital 2018, one of the key leading HR events in Japan, boasting of attendance of over 10,000 HR and business leaders who come together to share their human capital and management best practices and expertise.

This event provided us the opportunity to engage in lively conversations as well as to showcase our knowledge, expertise and services to the Japan market. Thank you for dropping by our booth!



BIPO Leader Speaks at HRA Beijing Conference

BIPO's Senior Consultant, Kevin Zhou was one of the distinguished speakers at the annual HRA Beijing Conference on 13-14 July. He presented the "Key Labour Regulations Every Business Should Know" to a full house of HR audience and shared valuable insights on staying compliant with complex regulations in the current employment landscape.



BIPO Gives Full Support to HRoot China Human Resource Service Expo in Chengdu!

BIPO made its first debut in Chengdu at the HRoot China Human Resource Service Expo 2018! Our team networked with over 4,000 HR visitors and shared the latest information on our HRMS solutions to help organisations jumpstart their overseas venture.



BIPO Singapore's First Exclusive Business Seminar!

BIPO Singapore hosted our first exclusive business seminar, 'Engaging Employees & Transforming Practices with HR Automation' together with JustCo, Singapore's largest coworking space and hot desking office on 27 July. We addressed some key HR trends and discussed insights on the future of work, as well as the opportunities generated by new technologies.

We were also delighted to have Dale Aroozoo and Manisah Sapari from SME Centre @ Singapore Malay Chamber of Commerce and Industry to share more on the HR Shared Services Grant for SMEs.



BIPO Singapore Participates at SHRI HR Hackathon

Adrian Wong, Director of BIPO Singapore recently provided mentorship to a group of young students from Nanyang Polytechnic at Singapore Human Resource Institute (SHRI)'s HR Hackathon. This signature HR Challenge is designed to positively engage students from Institutes of Higher Learning including polytechnics, ITEs, SUSS and SIM Global Education with professional guidance, as well as to reach out to young future HR talent, raising their awareness on HR technology and innovation trends.



The students delivered a compelling solution on how they can better help a small medium-sized enterprise with older employees to overcome their resistance in embracing technology to be a more efficient organisation. This won the hearts of the judges and the students eventually emerged as the winning team!

This event was a unique platform to raise our BIPO brand in the minds of the graduating HR students and the future HR leaders! Congratulations to all winning teams and all who have participated!



BIPO Singapore Exhibits at SME, ICC & SME Expo 2018

Our Singapore team will be exhibiting at the annual SME Conference, Infocomm Commerce Conference & SME Expo 2018 on 15-16 August at Suntec Singapore.

Organised by the Singapore Chinese Chamber of Commerce and Industry, this flagship event is a 2-day power packed conference with 28 bilingual conference tracks focusing on topics such as digital transformation, Industrie 4.0, fintech and disruptive technologies, globalisation and more.



If you are attending, please stop by our booth #E16 to learn more about our expertise, capabilities and full range of HRMS solutions!

About Us

BIPO is a leading one-stop human resources provider in Asia Pacific, focused on providing organisations with innovative ways to manage complex end-to-end HR processes. Through our cloud and mobile-based Human Resources Management system as well as industry-leading solutions such as Payroll Outsourcing, Attendance Automation, Business Intelligence, HR Consulting, Recruitment & Business Process Outsourcing and Flexible Employee Management, we help companies transform their HR operations to and beyond their expectations, while achieving business goals related to cost and profitability.

Founded in 2004, our APAC headquarters is in Singapore and R&D centre in Indonesia. We have offices in Australia, China, Hong Kong, India, Japan, New Zealand, Philippines, Vietnam, Taiwan and Thailand with business links in over 10 countries and regions.



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