Comparison of Decision-Making Analysis of Corporate Welfare System Implementation in Taiwan, Japan and Korea

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Abstract. The promotion of corporate welfare system aims to retain outstanding talents. Enterprises have launched various favorable welfare policies to retain and recruit excellent talents. How to make employees feel happy and increase their willingness to stay is also an important corporate welfare decision. This study uses integrated inductive method to explore the decision-making of Taiwan, Japan and Korea in the implementation of corporate welfare system. It is found that in terms of the statutory welfare, Taiwan has established labor insurance and employment insurance, while Japan has formulated employment insurance and children education subsidies and Korea has developed medical insurance and pension system. Regarding independent corporate welfare, Taiwan, Japan and Korea have formulated housing subsidies, special holidays, wedding welfare, funeral welfare and festival welfare. In job-related welfare, different from Taiwan and Korea, Japan has provided qualification exam subsidies and lounges. The corporate welfare survey results of Japan and the application results of customer-oriented corporate welfare information system website in Korea may serve as a reference for the decision-making on corporate welfare system by the Ministry of Labor of Taiwan.

Introduction

Corporate welfare is divided into two parts: statutory welfare and independent corporate welfare. The former is mandatorily required by the state through legislation. The welfare protection policy for employees mainly includes social insurance and statutory holidays. The latter refers to a series of welfare items provided to employees and their families apart from salary income and statutory welfare, such as monetary allowances, physical objects and services. There are many varieties of welfare. In order to retain and recruit excellent talents, enterprises have launched various favorable welfare policies. How to make employees happy and increase their willingness to stay is also a major issue facing enterprises today. With the progress of the times, countries have paid increasing attention to labor rights, and actively improved labor rights standards. Faced with the global economic recession, and the Taiwanese regulations on working and overwork hours, some enterprises find it hard to realize satisfying salary and welfare conditions. However, Taiwan government keeps revising the regulations in order to protect labor rights. Therefore, some enterprises have also changed their thinking, and prioritized employee rights and welfare, and thus gradually improved internal conditions in order to seek corporate development and survival. This study refers to the current corporate welfare system and related supporting measures in Japan and Korea, and compares them with the current situation in Taiwan, expects to help formulate relevant policies on the design of welfare systems for Taiwanese enterprises, and ensure that Taiwanese employees can enjoy sound welfare, thus enhancing the corporate efficiency and promoting economic and social prosperity.

Literature Review

Implementation of Corporate Welfare Systems in Taiwan
According to the White Paper on SMEs in 2018, the number of SMEs in Taiwan in 2017 was 1,437,616, accounting for 97.7% of all the enterprises. According to the labor statistics inquiry network, the number of enterprises registered in the Taiwanese Federation of Trade
Unions was 5,543 by the third quarter of 2018. It was pointed out by the Ministry of Labor that the organizational rate of corporate trade unions, industrial trade unions and professional trade unions was 33.2% in 2016; the organizational rate of corporate trade unions and industrial trade unions was 7.2%; the organization rate of corporate trade unions was 15.6% [1]. To keep up with the times, Taiwan government has kept introducing new policies on labor welfare while the enterprises have been also making innovative breakthroughs. For example, flexible welfare measures have emerged in recent years. Compared with the previous fixed and money-based welfare, employees can choose the welfare items that best meet their own needs.

Implementation of Corporate Welfare Systems in Japan

In Japan, labor welfare includes vacation, business workplace environment and asset formation. According to the Japanese Economic Association Survey (2013), the monthly corporate welfare cost for one Japanese employee JPY 106,265 shall be borne by the enterprises, in which the statutory welfare cost is JPY 81,258, and the independent corporate welfare cost is JPY 25,007, accounting for 76.5% and 23.5% respectively [2]. According to the survey of the Ministry of Health, Labor and Welfare on employment conditions, when the enterprises employ more employees, their statutory welfare and independent welfare costs are higher. The welfare costs of large-scale enterprises are more than twice that of the small and medium-sized enterprises [3]. The Japanese trade unions will use self-selected welfare calculations after consultation with employers driven by talent development strategies and welfare cost fairness.

Implementation of Corporate Welfare Systems in Korea

Through tax preferences, Korean government encourages and promotes the corporate welfare system. It implements labor-centered and customer-oriented service in the pension system, self-selected welfare system, labor support scheme and employee welfare funds. In addition, it also implements the employee welfare fund system. The company extracts part of the profits while enterprises use some profits to establish the employee welfare funds for the purpose of stabilizing labor life and welfare improvements. From the end of 2009, the accumulated retirement pension reached KRW 7 trillion (about NTD 180.8 billion). Except for retirement pension, the adoption rate of other new corporate welfare systems in Korea is 0.07%, which are mainly adopted by large-scale enterprises and public enterprises. The Korea Labor Welfare Institute has also developed the old.workdream.net, a professional labor welfare information system that was opened in February 2009 and is dedicated to providing welfare services and user-customized information to government, enterprises and private sectors as well as supporting the introduction and use of efficient and advanced corporate welfare system [4].

Integrated Inductive Method

Induction of statutory welfare

Compared with the statutory welfare of Japan and Korea, the coverage of social insurance in the statutory welfare of Taiwan is smaller than that of Japan and Korea. Although the statutory welfare of Taiwan also contains important labor insurance (labor disaster insurance) and employment insurance, it fails to include medical and health-related insurance. In terms of annuity insurance, Japan and Korea incorporate them into statutory welfare while Taiwan fails to. However, the employees who have already joined in labor insurance do not need to pay annuity insurance. Regarding other statutory welfare, Japan and Korea have established additional special regulations. In Taiwan, there are no other special legal welfare items except the statutory holidays.
Induction of independent corporate welfare

In terms of independent corporate welfare, Taiwan is similar to Japan and Korea concerning welfare subsidies, wedding welfare, funeral welfare and festival welfare. In terms of special holidays, Japan and Korea have formulated special holidays. In particular, the special summer holidays of large-scale enterprises in Korea can reach up to one week. In Taiwan, there is a lack of relevant planning. In addition, Japan and Korea currently allow their employees to select their own welfare methods in independent corporate welfare, while the enterprises in Taiwan formulate the independent corporate welfare modes, lacking certain flexibility.

Empirical Research

Table 1. Comparison of statutory welfare in Taiwan, Japan and Korea.

<table>
<thead>
<tr>
<th>Country</th>
<th>Social insurance</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan</td>
<td>Labor insurance and employment insurance</td>
<td>Statutory holidays</td>
</tr>
<tr>
<td>Japan</td>
<td>Health insurance, care insurance, annuity insurance, labor insurance, employment insurance</td>
<td>Child education subsidies</td>
</tr>
<tr>
<td>Korea</td>
<td>National pension insurance, medical insurance, disaster insurance, employment insurance</td>
<td>Pension system</td>
</tr>
</tbody>
</table>

Source: [5]

Table 2. Comparison of independent corporate welfare in Taiwan, Japan and Korea.

<table>
<thead>
<tr>
<th>Country</th>
<th>Housing subsidies</th>
<th>Special holidays</th>
<th>Wedding welfare, funeral welfare and festival welfare</th>
<th>Job-related welfare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan</td>
<td>Employee dorm and renting subsidies</td>
<td>Labor Day</td>
<td>Cash gift for three festivals, birthday, wedding cash gift, condolences</td>
<td>Health check, job addition, dining, transportation subsidies</td>
</tr>
<tr>
<td>Japan</td>
<td>Housing loan subsidies and renting subsidies</td>
<td>Proposal holidays and heartache holidays</td>
<td>Red pocket gift, condolences, bereaved annuity</td>
<td>Health check, lounge, breakfast supply, qualification exam subsidies</td>
</tr>
<tr>
<td>Korea</td>
<td>Housing subsidies</td>
<td>Special summer holidays</td>
<td>Marriage, birthday cash gift, newborn cash gift, condolences</td>
<td>Transportation, lunch, job subsidies, health check</td>
</tr>
</tbody>
</table>

Source: [5]

According to the statutory welfare section of Table 1, Taiwan has formulated labor insurance and employment insurance, while Japan has added employment insurance and children education subsidies, and Korea has added medical insurance and pension system. According to the independent corporate welfare section of Table 2, Taiwan, Japan and Korea have formulated housing subsidies, special holidays, wedding welfare, funeral welfare and festival welfare. In job-related welfare, different from Taiwan and Korea, Japan has provided qualification exam subsidies and lounges.
Conclusion and Suggestions

Through comparison, the statutory welfare ratio of Japan is the highest, which is higher than 75% of employee welfare costs. Specifically, the annuity insurance premium accounts for the highest proportion. In addition, Japan has formulated various sound social insurances. In terms of independent corporate welfare, Japan also values wedding holidays, funeral holidays and festival holidays, while its subsidies focus on the dining and housing on the living level.

In Korea, the new welfare system includes the employee support program that provides online counseling services, the employee welfare funds borne by the enterprises, and the flexible self-selected welfare system, which can enhance the labor welfare, and even gradually reduce the maximum weekly working hours. The new welfare system is pioneered by large-scale enterprises, followed by small and medium-sized enterprises. In the meanwhile, the developed trade unions in Korea actively value the labor welfare, which is worthy of reference by Taiwan.

The current implementation status of corporate welfare system in Taiwan may refer to the dedicated agency for corporate welfare counseling. The dedicated agency provides professional assistance for individual enterprises, assists enterprises to effectively promote corporate welfare, and learn from the self-selected welfare design in Japan, which aims to give employees the right to select according to their individual working experience, performance, suggestions and contributions to the enterprises. In addition, the welfare credits of employees are calculated, and the welfare credits provided by the enterprises are calculated according to different welfare levels. Then, employees can exchange for the welfare they need based on individual credits.

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References


