

CLEAN Workplace Program for Financial Assistance for Small-sized Enterprises in Korea

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1. Context of the Program

In Korea, an annual average of approximately 80,000 persons is affected by occupational accidents. Roughly 40% of these accidents occur in manufacturing industry, and 70% of these accidents incurred in small-sized workplaces with less than 50 employees.

The reasons for this is determined to be the lack of finances for investment in occupational safety facilities, technological capacity for occupational safety and occupational safety awareness by employers/employees, and increasing labor force, such as foreign and atypical workers who are prone to occupational accidents. Most of these workers work at the manufacturing industries with less than 50 employees, where their working environments are in poor condition, with the presence of 3D factors; Danger, Dirtiness, Difficulty.

Small-sized enterprises not only suffer from labor shortage due to avoidance of potential workers, but also experience frequent occupational accidents which cause major damages to the workplaces.

In accordance with this, KOSHA has implemented the "CLEAN Workplace Program for Financial Assistance" since October of 2001, in which occupational safety experts from KOSHA perform Risk Assessment consultations at the small-sized enterprises. The cost required to eliminate all the hazardous and dangerous factors according to the consultation results is partially provided to the employer, so that a safe and comfort work environment may be developed.

2. Principal Elements of the Program

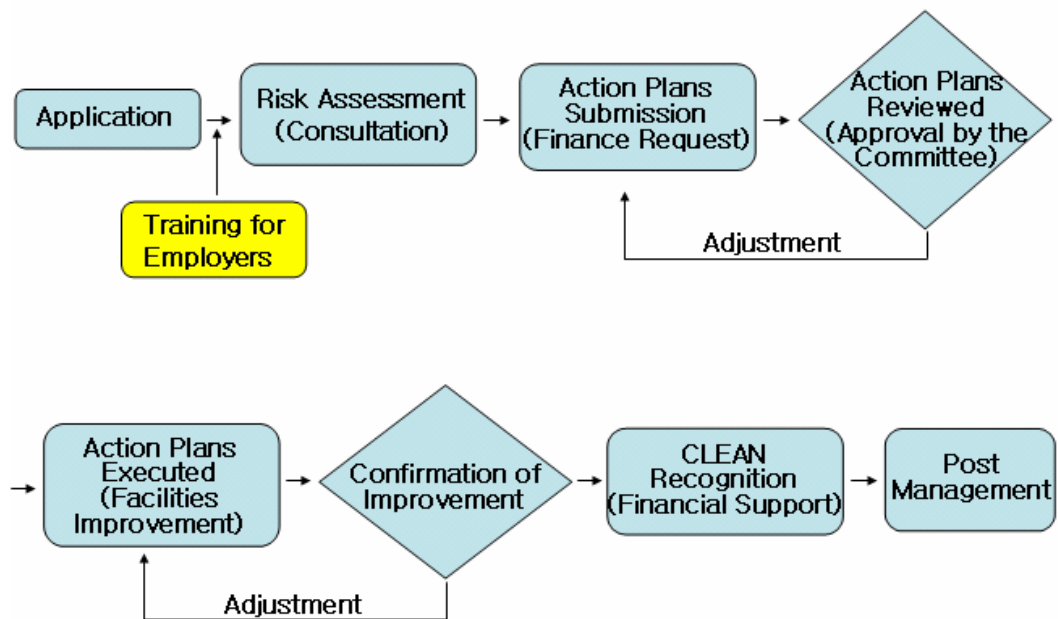
A. Procedures

KOSHA accepts online applications (kosha.or.kr) for a limited time only (3 months) at the beginning of the year from workplaces which request for the "CLEAN Workplace program". Then hazard/danger information submitted from the workplace is quantified. Workplaces which can be supported by the annual budget are selected according to the hazard/danger scores.

Occupational safety and health education is held at the selected workplaces to raise the safety and health awareness, and the occupational safety and health experts perform a Risk Assessment for the workplaces. Risk Assessment action plans are then established under the mutual agreement between the labor and the management according to the assessment result, and this is subsequently approved by KOSHA. The investment for the facilities improvement is made according to the established action plans.

KOSHA confirms the specifics of the investment for the workplace facilities improvement and provides a portion of the investment expenses. To workplaces that have developed a safe and comfort work environment through such processes, KOSHA issues a "CLEAN Workplace" certificate. In order to continuously maintain such a safe and comfort work environment, KOSHA performs an annual post-management after the "CLEAN Workplace" certificate has been issued.

【CLEAN Workplace Procedures】



There are a total of 168 items (or facility constructions) which are supported by the occupational safety facilities improvement, through "CLEAN Workplaces" to remove the hazard/danger elements. In the safety measure improvement category, 122 items including workplace floor improvement, protection devices for hazardous/dangerous machinery, electric shock prevention equipment, fire/explosion prevention equipment are supported. In the work environment improvement category, 27 items including localized ventilation equipment operated while handling/using hazardous materials, soundproof booth, and lighting equipment, are supported. In work procedure improvement category, 19 items including substitute equipment for laborer to prevent musculoskeletal disorders are supported.

The approval of the financial support is managed by a committee to ensure objectivity and fairness. This committee is operated in 22 regional branches throughout the country with a pool of human resources comprised of occupational safety and health experts from the labor force, enterprises, government, and universities.



<Before the improvement>



<After the improvement>

In addition, a credit assessment is performed on the applied workplace and employer, because the

financial support is restricted to workplaces with poor credit ratings. This is done in order to prevent spending the government budgets on businesses which close just after receiving the financial support for the "CLEAN Workplace program", due to bankruptcy.

3. Conditions and Amount of Financial Support

The Risk Assessment consultation conducted by KOSHA's occupational safety and health experts, performed for facility investment necessary to improve the hazard/danger factors at a workplace, considers a total of 19 items under the "CLEAN Workplace" approval criteria including the safety measures, work environment category and work procedure category. A portion of the investment expense is provided as a financial grant under the condition that the workplace is recognized as a "CLEAN Workplace" by improving all occupational safety and health problems listed on the consultation report.

In terms of the financial support, up to 40,000,000 Won are provided for hazardous industries such as casting, plating, dying, tanning, and chemical industry, with relatively poor working environment. Other general industries can receive up to 30,000,000 Won. In case where the investment expense is below 10,000,000 Won, workplaces with less than 10 workers receive 100% of the expense, and those with 10-49 workers receive 70%. If the expense is over 10,000,000 Won, 50% of the excess expense is provided in the matching fund.

【Financial Support per Workplace】

Category		General Industry 【Manufacturing industries not considered hazardous】	Hazardous Industry 【Casting, plating, tanning, dying, chemical industries】
Total		Max. 30,000,000 Won	Max. 40,000,000 Won
Basic Financial Support (10,000,000 Won)	Less than 10 laborers	100% of the expense (up to 10,000,000 Won)	
	10-49 laborers	70% of the expense (up to 10,000,000 Won)	
Additional Financial Support (20,000,000-30,000,000 Won)		50% of the excess expenses (up to 20,000,000 Won)	50% of the excess expenses (up to 30,000,000 Won)

Of the financial support, the amount responsible for the employers on the basic financial support (10,000,000 Won) has been adjusted from 20% in 2007 to 30% in 2008, where it is expected to increase more in the future. The employers' financial responsibility increased in order to prevent moral hazard and negligence of the employers' obligations in occupational safety and health investment, as the financial support from the "CLEAN Workplace" is given as a grant where the employers have no responsibility to repay.

【Actual Grant Released per Year】

Year	Workplaces Applied	Workplaces Consulted	Amount Released	
			Recognized Workplaces	Grants (billion)
Total	116,740 (100%)	79,904 (68.4%)	42,229 (36.2%)	448
2007	27,335	14,728	9,834	99.4
2006	20,491	10,279	8,600	100
2005	31,997	21,298	10,330	111
2004	15,179	12,774	5,264	56.3
2003	8,051	7,745	3,780	31.8
01-02	13,687	13,080	3,421	47.5

In 5 years, since launching "the first CLEAN Workplace recognized by government" on December 28, 2001, the 30,000th CLEAN Workplace has been recorded on November 22, 2006. Currently, as of December 31, 2007, 42,229 workplaces have been certified as "CLEAN Workplaces," and 448 billion Won have been financially supported to these workplaces.

This figure equals 18.6% of the 226,589 manufacturing workplaces (as of 2006) with less than 50 workers. In addition, a total of 100 billion Won is scheduled to be invested in improving approximately 10,000 workplaces into "CLEAN Workplaces".

This program is receiving positive responses from the employers as well as workers, in terms of occupational accidents prevention through practical improvement of poor working conditions. It is shown by the total number of 116,740 workplaces applying from October 2001 to the end of 2007 to receive the financial support to improve the facilities for occupational safety and health and be recognized as "CLEAN Workplaces". However, due to the limited national budget, Risk Assessment was performed on 68.4% (79,704) of applied workplaces and only 36.2% (42,229) received the financial support. With "CLEAN Workplace Program's" increasing favorable responses from the workplaces, it is being established itself as the leading support model in Korea for small -sized enterprises.

4. Program Outcome

Since the implementation of the "CLEAN Workplaces Program", from 2002 to 2006, the annual outcome of occupational accidents showed an average of 27.2% decrease in the number of occupational accidents, and an average of 38.7% decrease in the number of fatalities. In particular, the result of accident reduction per year shows an annual increase in its effectiveness, warranting a positive evaluation that the program's purpose of occupational accident prevention has been clearly achieved.

【Occupational Accident Reduction in CLEAN Workplaces】

Category	2002	2003	2004	2005	2006	Average
Rate of Disaster	↓ 19.1%	↓ 18.2%	↓ 48.3%	↓ 23.6%	↓ 26.7%	↓ 27.2%
Ratio of Death per 10,000 Persons	↓ 36.3%	↓ 21.6%	↓ 57.6%	↓ 39.1%	↓ 38.7%	↓ 38.7%

* "↓" means decrease of figure

Furthermore, as a result of the analysis of the capital loss incurred by occupational accidents in supported workplaces, it was shown that, by investing a total of 346.7 billion Won and reducing the number of injuries and illnesses by 6,104 persons, 192.4 billion Won of direct capital loss was prevented, taking into account the average annual monetary compensation per occupational accident. When the total capital loss incurred by industrial accidents is calculated based on the Heinrich's method (the 1:4 ratio), the amount comes out to be 961.8 billions Won (2.8x), and the net effect of the reduction of capital loss incurred by occupational accidents amounts to 615.1 billion Won except the invested budget (346.7 billion Won).

5. Concluding Remarks

Through the "CLEAN Workplaces Program", KOSHA seeks to reduce the ratio of workplace accidents in manufacturing workplaces with less than 50 workers from 1.98% in 2001, the year when the programme commenced, to less than 1% by the year 2013. In order to achieve this goal, KOSHA contributes its every effort to continuously upgrade the program, by annually increasing the number of supporting workplaces by 6% or higher, targeting for the hazardous/dangerous industries. KOSHA aims so that more than 40% and 70% of general and hazardous industries respectively, will complete the "CLEAN Workplaces Program."

Creating safe and clean workplaces through efficient technological/financial support in small-sized businesses that are prone to repetitive accidents will make a great contribution to the reduction of general occupational accidents in Korea, which has been stagnant recently. In addition, "CLEAN Workplaces Program" is expected to reduce the gap of occupational safety between the small-sized enterprises, and large enterprises in Korea.