

# Biz & Tech

Auto IT Game Manufacturing Retail & Food Energy Construction Airlines

## Manufacturing

# Firms to slash jobs if COVID-19 prolongs 6 more months

2



gettyimagesbank

By Nam Hyun-woo

Nearly a third of Korea's top 500 businesses will have to slash jobs if the economic fallout of COVID-19 extends into the next six months, according to a survey released Sunday.

The observation by the Korea Economic Research Institute (KERI) note that 32.5 percent of the surveyed firms said they would have to lay off some of their workforce if the COVID-19 outbreak continues to weigh on business in the second half of the year. This is 3.7 times higher than 8.8 percent of firms that said they would carry out or were planning to carry out job cuts immediately

The poll posed questions to the top 500 companies in Korea, each with more than 300 employees and 120 of the companies responded.

Among the respondents, 16.7 percent said they would have to launch workforce restructuring in the next two to four months, indicating companies are expecting a coronavirus shock in the second and third quarters.

This is in contrast to the companies' current plan to weather through the COVID-19 fallout. When questioned about their current response, 22.5 percent said securing liquidity was a priority, followed by 19.4 percent indicating impending furloughs and 17.5 percent mulling wage cuts.

KERI said this shows companies are making efforts to protect jobs, but also see the next six months as a critical period on deciding whether Korea will experience industrial restructuring.

"The poll showed that large firms are making efforts to retain jobs despite suffering a serious downturn in their business," a KERI official said. "To help those companies, the requirements for the government's job security aid should be eased, so large firms can strengthen their efforts to protect jobs."

The Ministry of Employment and Labor has been running an employment security aid program for companies suffering from COVID-19. The aid is subject to the firms meeting a series of conditions including having to reduce working hours by 20 percent, furloughing employees for longer than a month or suffering over a 15 percent decline in sales.

Businesses are having difficulty in meeting these requirements. In the survey, 80.6 percent of the firms said they were not receiving employment aid, with 52 percent of them citing difficulty in meeting the shutdown or furlough periods.

When questioned about the government's policy for job security, 37.5 percent said easing the conditions was the most critical need, followed by 19.2 percent which cited freezing the statutory minimum wage.

"The government eased some of the conditions in January, but large companies are still having difficulty in meeting the overall conditions," the think tank said.