

SPECIAL ACT ON SUPPORT FOR HUMAN RESOURCES OF SMALL AND MEDIUM ENTERPRISES

Act No. 6975, Sep. 29, 2003
Amended by Act No. 7171, Feb. 9, 2004
Act No. 7705, Dec. 7, 2005
Act No. 7867, Mar. 3, 2006
Act No. 8361, Apr. 11, 2007
Act No. 8429, May 11, 2007
Act No. 8604, Aug. 3, 2007
Act No. 8605, Aug. 3, 2007
Act No. 8852, Feb. 29, 2008
Act No. 9160, Dec. 19, 2008
Act No. 9685, May 21, 2009
Act No. 10220, Mar. 31, 2010
Act No. 10234, Apr. 5, 2010
Act No. 10338, May 31, 2010
Act No. 10339, jun. 4, 2010
Act No. 10445, Mar. 9, 2011
Act No. 10532, Apr. 4, 2011
Act No. 10703, May 24, 2011
Act No. 10789, jun. 7, 2011
Act No. 12308, Jan. 21, 2014
Act No. 13805, Jan. 19, 2016
Act No. 13864, Jan. 27, 2016

Article 1 (Purpose)

The purpose of this Act is to contribute to the balanced development of the national economy and society by enhancing the competitiveness of small and medium enterprises and promoting the employment thereof with support for programs facilitating the supply and demand of human resources, upgrading human resource structure and improving awareness of small and medium enterprises.

Article 2 (Definitions)

The terms defined in this Act shall be as follows: <Amended by Act No. 12308, Jan. 21, 2014>

1. The term "small and medium enterprises" means small and medium enterprises under Article 2 (1) of the Framework Act on Small and Medium Enterprises;
2. The term "cooperatives, etc." means cooperatives, industrial cooperatives, federations of cooperatives and the Korea Federation of Small and Medium Enterprises under Article 3 (1) of the Small and Medium Enterprise Cooperatives Act;
3. The term "program to upgrade human resource structure" means a program, the plan of which is formulated and executed by organizations or cooperatives related to small and medium enterprises, with the aim of securing high-quality human resources, improving human resource management and reducing working hours, etc.;
4. The term "program to improve awareness" means a program administered in order to discover excellent small and medium enterprises and make them known to the public, and promote the influx of human resources into small and medium enterprises to build a proper job attitude, such as the provision of correct information about small and medium enterprises, college students' experiential learning of small and medium enterprises, running of educational and training programs and public relations activities;
5. The term "small and medium enterprises that develop talent" means small and medium enterprises that exemplarily develop talent through the employment of excellent human resources who have professional knowledge and function, such as technical ability and capability of research and development, and investment in education and training;
6. The term "core personnel of small and medium enterprises" means workers designated by the representative of a relevant small and medium enterprise as personnel whose long service is deemed necessary because their level of contribution to work is high.

Article 3 (Scope of Application)

This Act shall apply to human resource support to small and medium enterprises: Provided, That this Act shall not apply to small and medium enterprises in types of business prescribed by Presidential Decree, such as real estate business.

Article 4 (Responsibilities and Obligations of the State, etc.)

- (1) The State shall formulate and execute polices necessary for human resource support to small and medium enterprises.
- (2) Each local government may formulate and execute a plan suitable for the characteristics of local industries for human resource support to small and medium enterprises located in a region under the jurisdiction thereof.

Article 5 (Formulation and Implementation of Basic Plans for Human Resource Support to Small and Medium Enterprises)

(1) The Administrator of the Small and Medium Business Administration shall formulate basic plans (hereinafter referred to as "basic plans") for human resource support to small and medium enterprises including the following matters every five years based on the opinions of the heads of relevant central administrative agencies, in order to support the securing of human resources of small and medium enterprises:

1. Objectives of human resources of small and medium enterprises and the basic direction of policies;
2. Matters concerning the utilization of human resources of small and medium enterprises, reflecting changes in the structure of industries therein;
3. Matters concerning education and training of employees of small and medium enterprises and upgrade of the structure of human resources to strengthen the competitiveness of small and medium enterprises;
4. Matters concerning improvement of awareness, such as education, the provision of information and field experience for public relations of small and medium enterprises;
5. Matters concerning training and supply of human resources necessary for small and medium enterprises;
6. Matters concerning improvement of working conditions of small and medium enterprises;
7. Other matters the Administrator of the Small and Medium Business Administration deems necessary to promote human resource support to small and medium enterprises effectively.

(2) The Administrator of the Small and Medium Business Administration and the heads of relevant central administrative agencies shall formulate and execute annual implementation plans in accordance with basic plans.

(3) The heads of relevant central administrative agencies shall notify the Administrator of the Small and Medium Business Administration of an implementation plan of the relevant year and the results of support in the preceding year by February 15 every year.

(4) If necessary to formulate a basic plan, the Administrator of the Small and Medium Business Administration may request the relevant central administrative agencies, local governments, the relevant education or research institutes and corporations or organizations participating in national research projects to submit necessary data.

(5) Matters necessary for the formulation and execution of basic plans and annual implementation plans under paragraphs (1) and (2) shall be prescribed by Presidential Decree.

Article 6 Deleted. <by Act No. 8852, Feb. 29, 2008>

Article 7 (Fact-Finding Surveys on Human Resources and Improvement of Awareness of Small and Medium Enterprises)

(1) The Administrator of the Small and Medium Business Administration shall conduct a fact-finding survey on human resources and the improvement of awareness of small and medium enterprises for the formulation, etc. of a basic plan under Article 5.

(2) A fact-finding survey shall include the following matters:

1. Matters concerning the actual conditions and characteristics of human resources of small and medium enterprises by region, type of business, and occupational category;
2. Matters concerning changes in the composition of human resources and demand for human resources of small and medium enterprises;
3. Matters concerning education, training, and management of human resource of small and medium enterprises;
4. Matters concerning public relations for the improvement of awareness of small and medium enterprises;
5. Matters concerning the provision of correct information about small and medium enterprises;
6. Matters concerning the strengthening of college students' field experience learning of small and medium enterprises;
7. Other matters concerning fact-finding surveys necessary for human resources and the improvement of awareness of small and medium enterprises, such as the utilization of women, foreigners or temporary employees.

(3) The Administrator of the Small and Medium Business Administration shall listen to the opinions of the heads of relevant central administrative agencies including the Minister of Trade, Industry and Energy and the Minister of Employment and Labor, before he/she conducts a fact-finding survey. *<Amended by Act No. 11690, Mar. 23, 2013>*

(4) Where the Administrator of the Small and Medium Business Administration deems it necessary to conduct a fact-finding survey, he/she may request the heads of relevant central administrative agencies and the heads of local governments to submit data related to small and medium enterprises or cooperate with him/her to conduct the fact-finding survey. In such cases, the heads of the relevant central administrative agencies and the heads of the local governments requested so shall provide cooperation unless any extenuating circumstance exists.

Article 8 (Training, etc. of Human Resources Necessary for Small and Medium Enterprises through Industry-Academia Cooperation)

(1) The Government may support the promotion of the following industry-academia cooperation programs in order to facilitate the supply and demand of human resources for small and medium enterprises: *<Amended by Act No. 12308, Jan. 21, 2014>*

1. Human resource training programs that satisfy the demand of small and medium enterprises by region, type of business and occupational category;
2. On-site training programs conducted in small and medium enterprises for unemployed persons;
3. Programs to develop abilities of employees of small and medium enterprises;
- 3-2. Joint education and employment programs conducted by organizations composed of small and medium enterprises, schools at all levels under subparagraph 3 of Article 2 of the Elementary and Secondary Education Act and the Higher Education Act, human resource training institutions, etc. by

organizing a joint human resource management council;

4. Other programs for training and supplying human resources necessary for small and medium enterprises.

(2) The Government may support the following cooperative programs to be participated by small and medium enterprises, any of the head office, the main office, or workplace of which is located in a region other than the Seoul metropolitan area under subparagraph 1 of Article 2 of the Seoul Metropolitan Area Readjustment Planning Act, for the training of human resources necessary for the development of the regional characterization industry or regional leading industry:

1. Programs for establishing curriculums and connecting employment meeting the demand of small and medium enterprises in cooperation with colleges (hereinafter referred to as "local colleges") located in regions other than the Seoul metropolitan area under subparagraph 1 of Article 2 of the Seoul Metropolitan Area Readjustment Planning Act, among colleges, industrial colleges, junior colleges and technical colleges under Article 2 of the Higher Education Act (including branch schools under Article 24 of the same Act; hereinafter referred to as "colleges");

2. Programs for jointly utilizing research personnel and research facilities or equipment of local colleges and research institutes;

3. Programs jointly proposed by small and medium enterprises or cooperatives, and human resource training institutions for training of human resources meeting regional characteristics;

4. Other cooperative programs for utilizing human resources specialized in the areas of marketing, design, logistics, etc., executed in order to strengthen the competitiveness of regional small and medium enterprises.

(3) The Government may support the following cooperative programs promoted jointly by small, medium, and large enterprises:

1. Programs for jointly utilizing facilities, human resources and educational programs for training human resources;

2. Programs for jointly utilizing human resources through service for dispatch of human resources engaged in the technology sector or technology consultation services;

3. Other cooperative programs related to human resources, with the aim of enhancing the competitiveness of small and medium enterprises.

(4) The Government may provide support to small and medium enterprises to help them actively utilize retired or transferred human resources.

Article 9 (Programs Connected with Employment of Human Resources)

(1) The Administrator of the Small and Medium Business Administration may conduct a program to provide practical education and on-site training required in industrial sites for unemployed persons and help them to be employed by small and medium enterprises. In such cases, where the head of a local government requests the Administrator to allow him/her to participate in such program, the Administrator may allow him/her to participate in the program in consultation with him/her. *<Amended by Act No. 11539,*

Dec. 11, 2012>

(2) The Administrator of the Small and Medium Business Administration may provide allowances for practical education and on-site training to unemployed persons participating in a program under paragraph (1) and subsidize expenses incurred in conducting such program to a person who conducts the program.

(3) Necessary matters concerning procedures for selection and support of unemployed persons eligible for support under paragraph (1) shall be prescribed by Presidential Decree.

Article 10 (Tailored Human Resource Training Programs Connected with Industry-Academia Cooperation)

(1) The Administrator of the Small and Medium Business Administration may provide tailored education for students by connecting small and medium enterprises with schools at all levels (hereinafter referred to as "schools") under the Elementary and Secondary Education Act and the Higher Education Act in order to promote human resource training meeting the demand of small and medium enterprises. In such cases, where the head of a local government requests the Administrator to allow him/her to participate in such program, the Administrator may allow him/her to participate in the program in consultation with him/her.

<Amended by Act No. 11539, Dec. 11, 2012>

(2) The Administrator of the Small and Medium Business Administration may subsidize expenses incurred in developing educational programs or purchasing equipment and materials for practical training, etc. for schools, teachers and students participating in a program under paragraph (1).

(3) Necessary matters concerning the procedures for promoting programs, or the details and methods of support under paragraphs (1) and (2) shall be prescribed by Presidential Decree.

Article 11 (Programs for Experience in Small and Medium Enterprises)

(1) The Administrator of the Small and Medium Business Administration may conduct a program that provides students with an opportunity to experience business activities in small and medium enterprises or for executives of small and medium enterprises to participate in education as an instructor (hereinafter referred to as "program for experience in small and medium enterprises"), so as to arouse the interest of students in small and medium enterprises and to promote their employment to small and medium enterprises. In such cases, where the head of a local government requests the Administrator to allow him/her to participate in such program, the Administrator may allow him/her to participate in the program in consultation with him/her. *<Amended by Act No. 11539, Dec. 11, 2012>*

(2) In order to conduct a program for experience in small and medium enterprises efficiently, the Administrator of the Small and Medium Business Administration may provide support, such as subsidizing expenses to schools, students, instructors and small and medium enterprises participating in such program, helping students to find jobs, providing information. *<Amended by Act No. 11539, Dec. 11, 2012>*

(3) In order to encourage students to participate in on-site practical training, etc., schools may permit the results of participation in a program for experience in small and medium enterprises as credits or units, as prescribed by school regulations.

Article 12 (Support for Employment of Unemployed Youths by Small and Medium Enterprises)

(1) In order to facilitate employment of unemployed persons aged between 15 to 29 years by small and medium enterprises, the Minister of Employment and Labor may provide employment subsidies to small and medium enterprises which employ them.

(2) Necessary matters concerning unemployed youths eligible for support, details of and procedures for support under paragraph (1) shall be determined and publicly announced by the Minister of Employment and Labor.

Article 13 (Support for Stable Utilization of Specialized Foreign Human Resources)

The Administrator of the Small and Medium Business Administration shall provide support so that small and medium enterprises may utilize specialized foreign human resources stably.

Article 14 (Consultation about Technical Research Personnel System, etc.)

The Administrator of the Small and Medium Business Administration shall conduct a fact-finding survey on the utilization of technical research personnel and skilled industrial personnel under Article 36 (1) of the Military Service Act and collect opinions of small and medium enterprises, and request the Administrator of the Military Manpower Administration to hold consultation about the improvement of the technical research personnel system and the skilled industrial personnel system.

Article 15 (Special Cases on Concurrent Positions or Offices)

(1) Any of the following persons may concurrently hold an office or position of the representative, executive or employee of a small and medium enterprise with permission of the head of an organization to which he/she belongs: Provided, That a public official may hold a concurrent position or office only when such concurrent position or office is unlikely to interfere with the efficiency in performing his/her duties:

1. A faculty member of a college (including a researcher of an attached research institute);
2. A researcher of a national or public research institute (including a faculty member or researcher under Article 15 of the Korea Advanced Institute of Science and Technology Act and Article 14 of the Gwangju Institute of Science and Technology Act and Article 12-3 of the Daegu Gyeongbuk Institute of Science and Technology Act; hereinafter the same shall apply);
3. A researcher of a research institute under Article 8 (1) of the Act on the Establishment, Operation and Fostering of Government-Funded Research Institutions.Etc.;
4. A researcher of a research institute under Article 8 (1) of the Act on the Establishment, Operation and Fostering of Government-Funded Science and Technology Research Institutions, Etc.

(2) When a faculty member or researcher falling under any subparagraph of paragraph (1) has obtained permission from the head of an organization to which he/she belongs, he/she shall be deemed permitted to concurrently hold other offices or positions under Article 18 (1) of the Educational Officials Act or Article 6 (4) of the Cooperative Research and Development Promotion Act.

Article 15-2 (Permission of Leave of Absence of Public Educational Officials, etc.)

(1) Notwithstanding Article 44 (1) of the Educational Officials Act, Article 71 (2) of the State Public Officials Act, Article 63 (2) of the Local Public Officials Act and Article 59 (1) of the Private School Act,

any of the following persons (hereinafter referred to as "public educational official, etc.") may take a leave of absence in order to work as the head or researcher of a research institute attached to a small and medium enterprise:

1. A faculty member (including a researcher of a research institute attached to a college; hereinafter the same shall apply) of a college (including an industrial college and a junior college; hereinafter the same shall apply) under the Higher Education Act;
 2. A researcher of a national or public research institute;
 3. A researcher of a research institute under Article 8 (1) of the Act on the Establishment, Operation and Fostering of Government-Funded Research Institutions, Etc.;
 4. A researcher of a research institute under Article 8 (1) of the Act on the Establishment, Operation and Fostering of Government-Funded Science and Technology Research Institutions, Etc.
- (2) A leave of absence under paragraph (1) shall not exceed three years: Provided, That where the head of an institution to which a faculty member or researcher belongs deems it necessary, he/she may extend a leave of absence within three years. In such cases, the leave of absence of a faculty member of a college may exceed the remainder of the period of employment, notwithstanding Article 11-3 (1) of the Educational Officials Act.
- (3) Where a public educational official, etc. takes a leave of absence for at least six months pursuant to paragraph (1), the legally fixed number of faculty members or researchers corresponding to the number of such person who takes a leave of absence shall be deemed to separately exist in the relevant organization to which he/she belongs.
- (4) Where a public educational official, etc. resumes office after he/she has taken a leave of absence pursuant to paragraph (1), the head of the relevant organization to which he/she belongs shall not give disadvantages in his/her status and salary due to his/her leave of absence.

Article 16 (Special Cases on Establishment of Research Institutes Attached to Companies)

When a small and medium enterprise establishes a cooperative research institute under Article 37 of the Industrial Education Enhancement and Industry-Academia-Research Cooperation Promotion Act in a college in order to expand the utilization of research personnel of the college, such research institute shall be deemed a research institute attached to an enterprise under Article 7 (1) 2 of the Technology Development Promotion Act.

Article 17 (On-Site Training of Persons to be Discharged from Military Service in Small and Medium Enterprises)

Persons to be discharged from military service, who are entitled to receive vocational guidance under Article 46-2 of the Military Personnel Management Act, may receive paid on-site training in the workplace of small and medium enterprises as part of their vocational guidance. <Amended by Act No. 10703, May 24, 2011>

Article 18 (Support for Job Offering Activities of Small and Medium Enterprises)

The Administrator of the Small and Medium Business Administration may support job offering activities of small and medium enterprises and job seeking activities of job seekers in small and medium enterprises, in order to help small and medium enterprises secure human resources.

Article 18-2 (Designation of Small and Medium Enterprises That Develop Talent)

(1) The Administrator of the Small and Medium Business Administration may designate small and medium enterprises that develop talent in order to promote the employment and fostering of excellent human resources of small and medium enterprises.

(2) The Government may conduct programs for the discovery, designation and fostering of small and medium enterprises that develop talent and programs for human resource support to small and medium enterprises utilizing small and medium enterprises that develop talent designated pursuant to paragraph (1), and subsidize necessary expenses.

(3) The period of validity of designation of a small and medium enterprise that develops talent shall be three years from the date of such designation.

(4) Necessary matters concerning criteria and procedures for designation of small and medium enterprises that develop talent shall be prescribed by Presidential Decree.

Article 18-3 (Revocation of Designation of Small and Medium Enterprises That Develop Talent)

(1) Where a person who has been designated as a small and medium enterprise that develops talent pursuant to Article 18-2 (1) falls under any of the following, the Administrator of the Small and Medium Business Administration may revoke the designation thereof: Provided, That where the person falls under any of subparagraphs 1 and 2, the Administrator shall revoke the designation thereof: *<Amended by Act No. 12308, Jan. 21, 2014>*

1. Where the person has been designated by deception or other fraudulent means;
2. Where the person who was designated has closed his/her business;
3. Where the person has failed to meet criteria for designation under Article 18-2 (4).

(2) Where the Administrator of the Small and Medium Business Administration intends to revoke designation pursuant to paragraph (1), he/she shall hold a hearing. *<Amended by Act No. 12308, Jan. 21, 2014>*

(3) The Administrator of the Small and Medium Business Administration may choose not to grant designation under Article 18-2 (1) to a person whose designation has been revoked pursuant to paragraph (1), for up to three years from the date of the revocation thereof. *<Amended by Act No. 12308, Jan. 21, 2014>*

(4) Other matters necessary for the revocation of designation shall be prescribed by Presidential Decree. *<Amended by Act No. 12308, Jan. 21, 2014>*

Article 19 (Formulation and Support of Plans for Upgrading the Structure of Human Resources)

(1) An organization, cooperative, etc. related to small and medium enterprises may formulate and implement a plan for upgrading the structure of human resources (hereinafter referred to as "plan for upgrading human resources), including the following activities in order to secure human resources necessary for small and medium enterprises:

1. Surveys on the actual conditions of human resource management of small and medium enterprises;
2. Joint employment activities to help small and medium enterprises to secure excellent human resources;
3. Activities to reduce working hours and improve the working conditions in order to promote the inflow of excellent human resources into small and medium enterprises;
4. Joint education and training to improve the vocational ability of employees in small and medium enterprises;
5. Other activities necessary to facilitate supply and demand of human resources of small and medium enterprises and upgrade the structure of human resources.

(2) Where a plan for upgrading human resources formulated pursuant to paragraph (1) meets the requirements prescribed by Presidential Decree, the Government may subsidize some of the expenses incurred in the execution of the plan for upgrading human resources.

Article 20 (Management and Revocation of Plans for Upgrading Human Resources)

(1) The Government shall supervise organizations, cooperatives, etc. related to small and medium enterprises which have received subsidies pursuant to Article 19 (2) as to whether they are properly implementing plans for upgrading human resources.

(2) Where an organization, cooperative, etc. related to small and medium enterprises which has received subsidies pursuant to Article 19 (2) fails to conduct activities in accordance with a plan for upgrading human resources, the Government may revoke its support and withdraw subsidies.

Article 20-2 (Joint Educational and Training Facilities of Small and Medium Enterprises)

(1) The Government may provide support necessary for the establishment and operation of joint educational and training facilities of small and medium enterprises in order to promote the conduct of training for the development of vocational ability by small and medium enterprises.

(2) Necessary matters concerning small and medium enterprises eligible for support, procedures for support, etc. under paragraph (1) shall be prescribed by Presidential Decree.

Article 20-3 (Support for Remote Training of Small and Medium Enterprises)

The Government may support the introduction of an information processing systems necessary to conduct remote training utilizing advanced information and communications, the development of curricula for remote training and subsidize expenses incurred in conducting education, in order to improve the productivity of small and medium enterprises and the ability of employees.

Article 21 (Support for Job Creation Programs)

(1) When small and medium enterprises take any of the following measures in order to increase employment opportunities, the Minister of Employment and Labor may regard such measures as programs for employment security and vocational ability development under Article 19 of the Employment Insurance Act and support such measures:

1. When they employ workers by investing in facilities and equipment for improving the employment environment;

2. When they employ specialized human resources prescribed and officially announced by the Minister of Employment and Labor in order to improve competitiveness;
 3. When they employ workers by advancing into a new type of business;
 4. When they employ workers by reducing working hours.
- (2) Necessary matters concerning requirements for support, job creation programs eligible for support, methods, procedures, etc. for support under paragraph (1) shall be determined and publicly announced by the Minister of Employment and Labor.

Article 22 Deleted. <by Act No. 8604, Aug. 3, 2007>

Article 23 (Promotion of International Cooperation)

(1) The Administrator of the Small and Medium Business Administration may conduct the following programs in order to improve the technological level of technical human resources of small and medium enterprises:

1. Establishment of a system for cooperation with foreign governments, international organizations, educational and training institutions or industrial enterprises;
2. Cooperation in technical human resources through industry-academia cooperation with foreign colleges;
3. Holding and attending international academic conferences, exhibitions, and conferences related to human resources of small and medium enterprises;
4. Human resource training of small and medium enterprises and exchanging information related to human resource support;
5. Other programs necessary for international cooperation related to human resource support to small and medium enterprises.

(2) The Administrator of the Small and Medium Business Administration may subsidize all or some of expenses to those who conduct or take part in programs falling under any of the subparagraphs of paragraph (1).

Article 24 (Support for Common Welfare Facilities)

The Government may subsidize expenses incurred in the establishment and operation of common welfare facilities of small and medium enterprises falling under the following subparagraphs: <Amended by Act No. 10789, Jun. 7, 2011>

1. Common welfare facilities established and operated by several small and medium enterprises, in a region where small and medium enterprises cluster together, so as to improve the welfare of employees;
2. Common accommodation facilities provided by several small and medium enterprises for employees who commute long distance to work;
3. Daycare centers under Article 10 of the Infant Care Act, which are jointly established and operated by several small and medium enterprises.

Article 24-2 (Support, etc. for Cultural Life)

(1) The Government shall endeavor to provide support for the improvement of the cultural life and the promotion of health of workers of small and medium enterprises.

(2) Necessary matters concerning the details and methods of support, etc. under paragraph (1) shall be prescribed by Presidential Decree.

Article 25 Deleted. <by Act No. 8604, Aug. 3, 2007>

Article 26 (Dissemination or Proliferation of Examples of Improvement Awareness Programs of Small and Medium Enterprises and Excellent Small and Medium Enterprises)

(1) The Administrator of the Small and Medium Business Administration may conduct awareness improvement programs for an inflow of excellent human resources into small and medium enterprises.

(2) The Administrator of the Small and Medium Business Administration shall conduct awareness improvement programs, such as discovering, giving a prize, giving publicity to excellent small and medium enterprises falling under any of the following, and endeavor to disseminate or proliferate exemplary cases in order to promote the improvement of a human resource management system of small and medium enterprises:

1. Small and medium enterprises with excellent innovative technology;
2. Small and medium enterprises which have exemplarily improved their human resource management system, working conditions, vocational ability development, welfare and the effective utilization of human resources;
3. Small and medium enterprises which have exhibited successful industry-science-research cooperation;
4. Other small and medium enterprises the Administrator of the Small and Medium Business Administration deems to contribute to the improvement of awareness of small and medium enterprises.

(3) Where the Administrator of the Small and Medium Business Administration jointly conducts programs under paragraphs (1) and (2) with organizations, cooperatives, etc. related to small and medium enterprises, he/she may subsidize some of expenses incurred in conducting such programs.

(4) Necessary matters concerning methods and procedures for discovering excellent small and medium enterprises under paragraph (2) shall be prescribed by Presidential Decree.

Article 27 (Support for Reduction of Working Hours)

The Government may provide the following support in order to promote the reduction of working hours of small and medium enterprises:

1. Management advice in order to support the reduction of working hours of small and medium enterprises;
2. Guidance on the reduction of working hours;
3. Support for investment in facilities to improve productivity following the reduction of working hours.

Article 27-2 (Promotion of Sharing Achievements between Small and Medium Enterprises and Workers)

(1) The Government may provide preferential support to small and medium enterprises which have adopted an achievement sharing system between employers and workers, so as to improve the level of wages or welfare of workers of small and medium enterprises.

(2) The Government may develop and disseminate a standard achievement sharing system, and subsidize necessary expenses, such as consulting expenses, for small and medium enterprises which intend to adopt an achievement sharing system between employers and workers.

(3) Necessary matters concerning the details of and procedures for support under paragraph (2) shall be prescribed by Presidential Decree.

Article 28 (Support, etc. for Business Start-Up of Workers)

Where any of the following persons intends to start a business based on new technology in an area related to the relevant occupational category, the Administrator of the Small and Medium Business Administration may provide preferential support to such person, such as financial support and the provision of relevant information:

1. A person engaged in production in the same area and same occupational category in small and medium enterprises for at least 15 years;
2. A person who has worked for small and medium enterprises in the same area for at least ten years after acquiring national technical qualification pursuant to Article 10 of the National Technical Qualifications Act;
3. A person who has worked for at least three years at small and medium enterprises in the same area as at the time he/she was selected as master craftsperson of the Republic of Korea under Article 11 (1) of the Act on the Encouragement of Technical Skills;
4. A person who has worked for at least five years at small and medium enterprises in the same area, who is a prize winner of the Korea Skills and World Skills under subparagraph 3 of Article 2 of the Act on the Encouragement of Technical Skills.

Article 29 (Support to Excellent Workers, etc.)

(1) The Government may select workers whose ability of work performance is excellent, who have worked for the same small and medium enterprise for at least ten years, and conduct internal and overseas training for them, at the recommendation of small and medium enterprises, cooperatives, etc. or institutions and organizations related to small and medium enterprises.

(2) In order to improve morale of workers working at small and medium enterprises, promote the improvement of the levels of technology and technical skills and promote the transmission of excellent technology or technical skills, the Administrator of the Small and Medium Business Administration may discover human resources specialized in technology or technical skills in each type of business or field, and subsidize expenses incurred in conducting educational activities for transmission of technology or technical skills.

(3) The Government and the heads of public institutions may provide preferential treatment to human resources specialized in technology or technical skills under paragraph (2), such as treating them favorably

when they use public facilities.

(4) Necessary matters concerning the discovery of human resources specialized in technology or technical skills under paragraph (2) and methods for providing support for them shall be prescribed by Presidential Decree.

Article 30 (Support for Long-Term Employment of Workers in Small and Medium Enterprises)

(1) The Government may allow workers who have worked for five years or more for small and medium enterprises to preferentially move into national housing prescribed by Presidential Decree, including national housing funded by Housing and Urban Fund under Housing and Urban Fund Act among national housing under subparagraph 5 of Article 2 of the Housing Act, as prescribed by Presidential Decree. In such cases, such workers who have bought housing preferentially sold to them shall not sell, donate or lease such housing or perform any act accompanied by changes in rights (excluding inheritance or mortgage) for a specific period, not exceeding five years, prescribed and officially announced by the Administrator of the Small and Medium Business Administration. <Amended by Act No. 13805, Jan. 19, 2016>

(2) When organizations related to small and medium enterprises conduct programs to induce the long service of workers at small and medium enterprises by concluding agreements with organizations related to large enterprises or small and medium enterprises, the Government may subsidize expenses incurred in consulting or public relations, etc.

Article 31 (Financial and Tax Support, etc.)

(1) The Government may implement necessary policies, such as financial support or credit guarantee support, so as to facilitate the smooth supply of funds necessary for human resource support to small and medium enterprises.

(2) The Government may provide tax support, as prescribed by Acts related to taxes, including the Restriction of Special Taxation Act or the Local Tax Act, for human resource support to small and medium enterprises.

Article 32 (Special Cases Concerning Use of Fund for Business Startup and Promotion of Small and Medium Enterprises)

Any person who manages the Fund for Business Startup and Promotion of Small and Medium Enterprises established pursuant to Article 63 of the Small and Medium Enterprises Promotion Act may provide financial support necessary to conduct programs prescribed by this Act.

Article 33 (Preferential Treatment of Human Resource Support to Small Enterprises)

When the Government conducts a human resource support program under this Act, it shall provide preferential treatment to enterprises prescribed by Presidential Decree (hereinafter referred to as "small enterprises"), among small enterprises under Article 2 (2) of the Framework Act on Small and Medium Enterprises.

Article 34 (Preferential Treatment for Vocational Ability Development Support to Small Enterprises)

When the Government conducts a vocational ability development program, it shall provide preferential treatment to small companies.

Article 35 (Preferential Treatment for Support of School Expenses to Small Enterprises)

When the Government subsidizes school expenses to workers, it shall provide preferential treatment to workers of small enterprises.

Article 35-2 (Establishment of Performance Compensation Fund for Core Personnel of Small and Medium Enterprises)

The Administrator of the Small and Medium Business Administration shall establish the Performance Compensation Fund for Core Personnel of Small and Medium Enterprises (hereinafter referred to as the "Performance Compensation Fund") for the promotion of long service of core personnel of small and medium enterprises and human resources training of small and medium enterprises.

Article 35-3 (Creation of Performance Compensation Fund)

(1) The Performance Compensation Fund shall be created by the following funds: *<Amended by Act No. 13864, Jan. 27, 2016>*

1. Endowments made by small and medium enterprises;
2. Mutual aid funds paid by core personnel of small and medium enterprises;
3. Borrowed money necessary for the management and operation of the Performance Compensation Fund;
4. Proceeds generated from the operation of the Performance Compensation Fund;
5. Contributions made by small and medium enterprises or other persons.

(2) The Government or a local government may contribute to the Performance Compensation Fund within budgetary limits if necessary. *<Newly Inserted by Act No. 13864, Jan. 27, 2016>*

Article 35-4 (Management and Operation of Performance Compensation Fund)

(1) The Performance Compensation Fund shall be managed and operated by the Small and Medium Business Corporation (hereinafter referred to as the "Small and Medium Business Corporation") under Article 68 of the Small and Medium Enterprises Promotion Act.

(2) The Fund Management Committee shall be organized in the Small and Medium Business Corporation in order to deliberate on matters concerning the management of the Performance Compensation Fund.

(3) The Small and Medium Business Corporation shall formulate a fund management plan every fiscal year and report such fund management plan to the Administrator of the Small and Medium Business Administration by no later than 20 days prior to the commencement of the fiscal year following a resolution passed by the Fund Management Committee, as prescribed by Presidential Decree. The same shall also apply where it intends to change the fund management plan.

(4) The Administrator of the Small and Medium Business Administration may subsidize expenses incurred in the management and operation of the Performance Compensation Fund.

(5) Other matters necessary for the composition and operation of the Fund Management Committee and the management and operation of the Performance Compensation Fund shall be prescribed by Presidential

Decree.

Article 35-5 (Uses of Performance Compensation Fund)

The Performance Compensation Fund may be used for the following programs:

1. Performance compensation mutual aid programs (hereinafter referred to as "mutual aid programs") for core personnel of small and medium enterprises;
2. Educational programs for strengthening and transmission of job ability of core personnel of small and medium enterprises;
3. Welfare programs for core personnel of small and medium enterprises;
4. Management and operation of the Performance Compensation Fund;
5. Programs related to programs referred to in subparagraphs 1 through 4.

Article 35-6 (Management of Mutual Aid Program)

(1) Where the Small and Medium Business Corporation intends to conduct a mutual aid program, it shall enact the regulations for mutual aid and obtain approval from the Administrator of the Small and Medium Business Administration. The same shall also apply where it intends to change the regulations for mutual aid.

(2) The regulations for mutual aid under paragraph (1) shall include matters necessary for the management of mutual aid program, such as the scope of mutual aid program, payment of the surrender value upon cancellation of a mutual aid contract, accounting standards and the rate of accumulation of legal reserves, as prescribed by Presidential Decree.

(3) The Small and Medium Business Corporation shall manage mutual aid program as separate accounts from other accounts.

Article 36 (Establishment of Organizations Exclusively Responsible for Human Resource Support)

(1) The Administrator of the Small and Medium Business Administration may establish an organization exclusively responsible for human resource support to small and medium enterprises (hereinafter referred to as "organization exclusively responsible for human resource support"), in order to effectively execute policies for human resource support to small and medium enterprise.

(2) Matters necessary for the establishment and operation of an organization exclusively responsible for human resource support shall be prescribed by Presidential Decree.

Article 37 (Reports and Inspections, etc.)

(1) Where the Administrator of the Small and Medium Business Administration deems it necessary, it may instruct the head of an institution or organization that conducts human resource support program and the head of an organization exclusively responsible for human resource support to make a necessary report or submit data, as prescribed by Presidential Decree. In such cases, he/she may instruct relevant public officials to have access to offices, places of work and other necessary places of an institution or organization that conducts human resource support program or organization exclusively responsible for human resource support, and examine books, documents and other articles or inquire of the relevant persons.

(2) A public official who conducts examinations pursuant to paragraph (1) shall carry a certificate of character indicating his/her authority and produce such certificate of character to relevant persons.

Article 38 (Delegation of Authority, etc.)

The Administrator of the Small and Medium Business Administration or the Minister of Employment and Labor may delegate part of his/her authority or business under this Act to the head of an agency belonging thereto or the head of a local government, or entrust part of his/her authority or business under this Act to an institution or organization related to small and medium enterprises, such as the Korea Federation of Small and Medium Enterprises under Article 3 (1) 4 of the Small and Medium Enterprise Cooperatives Act, the Small and Medium Business Corporation under Article 68 of the Small and Medium Enterprises Promotion Act or organization exclusively responsible for human resource support, as prescribed by Presidential Decree.

ADDENDUM

This Act shall enter into force on January 1, 2004.

ADDENDA <Act No. 7171, Feb. 9, 2004>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2005.

Articles 2 through 9 Omitted.

ADDENDA <Act No. 7705, Dec. 7, 2005>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2006.

Articles 2 through 4 Omitted.

ADDENDUM <Act No. 7867, Mar. 3, 2006>

This Act shall enter into force three months after the date of its promulgation.

ADDENDA <Act No. 8361, Apr. 11, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted)

Articles 2 through 10 Omitted.

ADDENDA <Act No. 8429, May 11, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 8604, Aug. 3, 2007>

(1) (Enforcement Date) This Act shall enter into force six months after the date of its promulgation.

(2) Omitted.

ADDENDUM <Act No. 8605, Aug. 3, 2007>

This Act shall enter into force six months after the date of its promulgation.

ADDENDA <Act No. 8852, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted)

Articles 2 through 7 Omitted.

ADDENDA <Act No. 9160, Dec. 19, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2009.

Articles 2 Omitted.

ADDENDA <Act No. 9685, May 21, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 8 Omitted.

ADDENDA <Act No. 10220, Mar. 31, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2011.

Articles 2 through 5 Omitted.

ADDENDUM <Act No. 10234, Apr. 5, 2010>

This Act shall enter into force three months after the date of its promulgation.

ADDENDA <Act No. 10338, May 31, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2011.

Articles 2 through 6 Omitted.

ADDENDA <Act No. 10339, Jun. 4, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force one month after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 5 Omitted.

ADDENDA <Act No. 10445, Mar. 9, 2011>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 4 Omitted.

ADDENDUM <Act No. 10532, Apr. 4, 2011>

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 18-2 and 18-3 shall enter into force six months after the date of their promulgation.

ADDENDA <Act No. 10703, May 24, 2011>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <Act No. 10789, Jun. 7, 2011>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 6 Omitted.

ADDENDUM <Act No. 11539, Dec. 11, 2012>

This Act shall enter into force six months after the date of its promulgation.

ADDENDA <Act No. 11690, Mar. 23, 2013>

Article 1 (Enforcement Date)

(1) This Act shall enter into force on the date of its promulgation.

(2) Omitted.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 12308, Jan. 21, 2014>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Article 2 Omitted.

ADDENDA <Act No. 13805, Jan. 19, 2016>

Article 1 (Enforcement Date)

This Act shall enter into force on August 12, 2016.

Articles 2 through 22 Omitted.

ADDENDUM <Act No. 13864, Jan. 27, 2016>

This Act shall enter into force on the date of its promulgation.

