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# A Study on Institutionalization of the Rent-A-Driver Industry from the Point of View at the Creative Industries

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## Abstract

This paper, we argue that sector in terms of the creative industries the need to the institutional settle of the rent-a-driver business; the industry could create more than 200,000 jobs, the effect is to bring out the about 4 trillion underground economy and Can be interpreted industry, which contributes to reduce social costs, ranging from 1.7 trillion won to 5.7 trillion per year. Through institutionalization of policy should support. Observation and in-depth interviews were conducted with the law and the president of the rent-a-driver business company. The operating system should be improved. the rent-a-driver business, for the formulation of the work ethic and education is desperately needed. The effect socio-economic contribution effect of the rent-a-driver business industry can be summarized as follows. First, it is an industry that has an operating system utilizing state-of-the-art technology and equipment, and the convergence of creative industries to comply with the market. Second, the effect appears as an industry that creates jobs for the populace to replace the social security system, social safety net is considered as an industry. Third, this is an industry that can be self-reliant in the short term at least political support, the industry is considered in the industry to maximize the effectiveness and efficiency of the support policy.

**Keywords:** Social Safety Net, Activation of the Underground Economy, Socio-Economic Effects, Effect of Employment Growth, Foreign Investment of the Business Model.

## 1. Introduction

### 1.1. Idea of the study

Physical· Human damage caused by drunk driving accidents, see the reality, which appears very large when the rent-a-driver business the social contribution of the service sector is a very large feed. Furthermore, if is institutionalize the rent-a-driver business, and activate. Social economic contribution of the deputy driving services can be expected to receive a very large.

Appears to be the rent-a-driver business emergence of the industry to meet the demands of the times, more than 10 years of which has been caused by several cases and irrational side effects while leaving the country.

In this paper, in some aspects, such as the following, raised the need for institutionalized. First, A number of a proxy driver is estimated to be about 200,000, and the rent-a-driver industry's scale of economy appears to be about 4 trillion won. In addition, the social costs caused by drunk driving accidents around 1.7 trillion won of the total economy is the sum of 5.7 trillion won. Second, growing increasingly drunk driving accident that abuses are

becoming increasingly serious. Drunken driving in a car accident, only the loss of social costs of drunk driving accidents each year, including more than 1,000 people losing their lives were worth 710 billion won. Social costs due to drunken accident, the Korea Legislation Research Institute trillion as of 2008 was estimated to be 6,779 billion. Third, Business loser, you are not ready to aging retirees, unemployed youth, and two job workers consists of characters, and they need the protection of the social safety net is group. Fourth, Today, South Korea's society, youth unemployment, prime-age unemployment due to the early retirement and old problems are piled. To make matters worse, government policy support for economic recovery and growth without employment growth are appearing. Thus, for job creation policy dilemma is a situation out.

In particular, "Park Geun-hye government advocated a 'creative economy'" under the economic philosophy 'orderly market arrangement base'. In other words, policy objectives of 'Park Geun-hye governments' can be said to have emphasized the implementation of job creation and advanced welfare society. when considering the various situations, such as in Korea, Therefore, one of the rent-a-driver industries that there is a need to establish industry is considered. It would suggest Which established a new industry, the excavation of the creative industries and diffusion of Creative economy.

## **1.2. The purpose of the study**

Excavation of new industries in an information society is considered to be very important. rent-a driver industry settlement is very important dimension of the excavation In the creative industries, At the national level, as well as the creation of jobs, in terms of the role of the social safety net is considered to be important. Thus, in this paper, under the following objectives are to conduct research.

First, the rent-a-driver industry is the economic role and the social safety net of this industry, and it's is to inform that serves as the industry jobs industry's social and economic significance. Second, rent-a-driver of the industry identified problems and derive improvements for it, one of the creative industries to be content with policy recommendations, Third, this paper is Contribution to the effectiveness and efficiency of policy through proposed in the Legislation standards on rent-a- driver of the industry

## **2. Method and scope of research.**

### **2.1. Method of research**

Representatives of industry, labor union chairman, union members say. To studied through the method in-depth and over the long term, Researchers say that it has studied through over approximately three years field experience (From July 30 2017 to August 25, 2018). In addition, the Research after in September 2009 was studied by observing to the rent-a- driver of the industry, as well as the study was continuing to contact officials in the industry.

### **2.2. Scope of research**

The scope of the study was defined as follows (The basic framework needed to establish). First, the creative industries, a new definition for the rent-a- driver industry and a proxy driver. Second, to provide the basic framework for building of cooperation system between employers and representative driver. Third, the revision of car insurance policy for the rent-a-driver insurance coverage. Fourth, range of research is to propose a comprehensive policy on the rent-a- driver industry

### **2.3. The rent-a- driver industry, as a Creative industry**

#### **2.3.1. The rent-a- driver industry and Drunk driving**

Drunk driving means to say driving in a drunken state. Road Traffic Act Article 44 prohibits driving under the influence of alcohol, Intoxicated state standard refers to accordance in Article 44 (4) of the Road Traffic Act with a blood alcohol concentration greater than 0.05%. The drunk driving are also included In the case of drunk refractory measurements, But the measured refractory were found to be drunk from the testimony of officials, Include case

that could not be measured such as a substantial change of circumstances and Alcohol consumption over time (Road Transport Corporation, 2012a). Drunk driving is a blood alcohol concentration over .05% drunk driving in the state refers to the cases. Today, Drunk driving, driving without a license and hit-and-run after traffic accident are three kinds of major crimes, Drunk driving be referred to as one of many serious traffic problems as well as I that threaten the lives and property of others as an act with a car can be regarded as a criminal offense. As Below <Table 1>, Since drunk driving accident of 7303 cases in 1990 and drunk driving accident is steadily increasing. 28,461 cases in 2011 compared to 1990 increased by 4-fold (Road Transport Corporation, 2012a).

Deaths due to drunk driving accidents are the 379 peoples in 1,990, the 733 peoples in 2,011, including the two-fold increase in the number of cases.

**Table 1:** Drunk driving accident trends

Division year	The number of cases	transfer Rate	Share	Number of deaths	transfer Rate	Share	Number of injured	transfer Rate
Total	254,416	-	-	9,316	-	-	432,927	-
1990	7,303	-2.1	2.9	379	-17.6	3.1	10,707	-2.4
1993	14,961	45.0	5.7	596	23.4	5.7	21,765	45.4
1995	17,777	-0.7	7.1	690	22.1	6.7	26,300	-2.3
1997	22,892	-11.1	9.3	1,004	2.6	8.7	36,023	-7.4
1999	23,718	-6.1	8.6	998	-10.3	10.7	39,282	-3.0
2001	24,994	-11.0	9.6	1,004	-17.5	12.4	42,165	-10.6
2003	31,227	25.0	13.0	1,113	22.7	15.4	55,230	14.7
2005	26,460	5.2	12.4	910	4.0	14.3	48,153	8.2
2007	28,416	-5.2	13.4	991	7.7	16.1	51,370	-5.3
2009	28,207	5.0	12.2	898	-7.3	15.4	50,797	4.7
2011	28,461	-0.6	12.8	733	-6.1	14.0	51,135	-0.4

transfer Rate refers to the year-over-year increase and decrease.

Share = (DD incident / Total accident the police) X100

Source: Road Transport Corporation (2012a).

In the original Source the statistics 1990 to 2011 a total of 22 years, but in this study, only 11 years of statistics rearranged.

## 2.4. The Necessity and effectiveness of Institutional settlement for rent a driver industry

### 2.4.1. Human and material damage

Human losses caused by drunk driving accidents occur 1,000 deaths per year, property damage appears to be a billion is 7,100. Korea Legislation Research Institute was estimated to be approximately 1,677,900,000,000 won the social cost of accidents as of 2008 due to drunk driving accidents. Social cost 62,430,000 won per case, disclose the cost amounts to 8.93 million won.

### 2.4.2. The development of creative industries

Rent-a driver business is an industry that is being activated by social change (Increasing the vehicle, strengthening the penalties for drunk driving, such as a change of awareness). Rent-a driver business is a convergence industry that is a fusion of traditional industries and the IT industry. Rent-a driver industry is an

industry that requires IT technology and a proxy driver. Rent-a driver industry is an industry that contribute to the activation of creative industries in the era of the creative economy. Therefore, Rent-a driver industry is an industry that the Worthy industries of protection and support.

#### **2.4.3. Activation of Underground economy and the creation of jobs**

Rent-a driver industry is an industry that the Worthy industries of protection and support. The reason is as follows. First, about 20 million are expected to create jobs, The company has approximately 8,000 company, Largest economy is estimated to be about 4 trillion won . Legislation of Rent-a driver industry is required.

#### **2.4.4. The role of the social safety net**

The social safety net is threatened due to uncertain economic conditions and soaring unemployment, the increased business failure rate. Although income less, jobs (a proxy driver) are easy to find. Rent-a driver industry to be the opportunity's the job to diligent. Faithful people. In terms of fair orderly market arrangement harmonized article is needed Between the Office and the Proxy driver. Customers have a right to safe services, A Proxy driver Respect for the profession as a personal that may be because they need fair rules. A Proxy driver to be Personal treated as professionals. So that is need fair rules. In addition, Rent-a driver industry is raising hope to The Proxy driver of Side job workers. as it were, its industry is the meaning of the job of 'icing on the cake'.

#### **2.5. The wealth of nations creation effect through foreign investments**

Furthermore, feed industry is more and more expected to have a positive effect on income growth, employment growth, revenue increasing effect by the foreign investment of the business model (Competitive programs, The superiority of the handsets, smart phones, etc.)

### **3. Operational definition of the term**

#### **3.1. Rent-a driver industry**

Rent-a driver industry can be called as a convergence of creative industry and industries in "e-business" era. Rent-a driver industry can be divided into labor-intensive industries with IT technology. Rent-a driver industry Capital-intensive high-tech IT industry and labor-intensive traditional industries. Rent-a driver industry can be divided into convergence industry with labor-intensive industries and capital-intensive industry.

#### **3.2. Creative industries**

In a business environment, traditional business items that could not be the business items. but Due to changes in the business environment can be a new business item that should be noted. In traditional business items to be things that never changes in the business environment can be a new business item that should be noted. These business items that will can be realized by the ideas (Kim, 2001). It can be seen emphasis on the electronics, information and communication technology as the with emphasis on knowledge management of planning. In this paper, based on the above definition for the industry is to create. "Creative industries" means "to develop new business models to commercialize industry" is to define. Therefore, the "creative enterprise, creative industries and the creative economy together shall be deemed to mean.

#### **3.3. Rent-a driver business**

"Rent-a driver business" means "part of the company's a proxy driver at the request of the customer commitment to one place for driving under the contract amounts to services business" is to define.

#### **3.4. A proxy driver**

"A proxy driver" means "Rent-a driver company's labor that perform Rent-a driver service work" to be defined as.

#### **3.5. Rent-a driver service charges and Call Fee**

"Rent-a driver service charges" field "as a a proxy driver receive reward amount after Rent-a driver service and " referred to as. "Call Fee" means "call the amount paid to suppliers of Rent-a driver service charges" is defined as.

#### 4 The current situation of rent-a-driver Companies

##### 1. General situation of rent-a-driver Companies

1.1 Substitute driver services in the world also the first in South Korea more than 10 years of gestation, about one industry over time, existing industries and is becoming one of the jobs. President of the company and the largest call center employees, except for employees engaged approximately 200,000 people are estimated to have around that are appearing.

1.2 Represented by approximately 8,000 companies operating business and call center staff, including office workers also can be estimated at approximately 30,000 people.

1.3 Economy is estimated to be about 4 trillion won.

**Table 2:** income and cost of a proxy driver

Working 26 days per month average daily income ₩ 100,000 (Mon ₩ 2,600,000: Call charges)	
Call fee	₩ 520,000
Car insurance premium	\130,000
program fee	\60,000
Voluntary Cancellation penalty	\30,000(average)

Source: The Chosun Ilbo (2013).

As shown in <Table 2>, the month total sales of 2.6 million won, and that the cost is 740,000 won, Net income is shown as 1.86 million won. These are classified as low-income household income level.

##### 1.4. The parties of rent-a-driver industry and their role

**1.4.1. rent-a-driver Companies (main company or branch):** Main company business office equipped with a means to operate call centers, branch offices, the Main companies in partnership with operating company operating fee income is to pursue business

**1.4.2. rent-a-driver for business application development, and service providers:** Program development and operating company with such a program by opening fee (1 day 500 won or 1,000 won) takes the form of a business model is developed and applied.

**1.4.3. Valet driver (pick up vehicle operation, service articles and parallel article:** Valet driver who performs the call to service, and the knights ride unhaengja pikeop vehicles attending parties, and the customer service articles, and parallel story many times to perform the call to service customers in less time pikeop who service vehicles is

**1.4.4. Operation substitute driver insurance company representative who sold insurance products are developed.**

**1.4.5. Operation behalf of the consumer receives the customer service representative who is driving.**

#### 2. Management situation of the of rent-a-driver Companies

##### 2.1. center Operating situation of rent-a-driver Companies

2.1.1. car insurance premiums the storing method anomalous operating into a situation articles administrative expenses an entry named to the the storing By current law, evade the a very high insurance premium (1 capita Mon 6,5000 won ~ 7,0000 won), the put away are receiving, sleep, as being are appearing.

Some vendors insurance premiums a non-articles administrative expenses to the item to be getting are appearing.

2.1.2. car insurance duplication of the to join the by forcing the insurance company or insurance agency with the of the CONNECTION the relationship through the illegal the interests enjoy and estimated that that are, sleep, is a.

2.1.3. car insurance How to Join, too shrink to join the through the insurance premiums embezzlement actions also often that are appearing.

2.1.4. Status on cost and revenue structure between the company and the proxy driver in its fight in the center of the issue always is a sensitive issue on the part of both parties.( the 75 ~ 80% the proxy driver of the service fee, distributed to the and 20 ~ 25% the to Basket is distributed vendor's sales incorporated as a and the situation in which as being are appearing.

2.1.5. articles of the other vendors as a of the move the two frequently your article in the management about the management Know-how a lack the situation as being demonstrate are getting.

## **2.2. The status of the program operators to take advantage of the rent-a-driver business.**

2.2.1. Because the moral hazard problem of this program company, the outflow of Data base (sale deed) is estimated to be.

2.2.2. a proxy driver and customers' personal data are expoure at risk.

2.2.3. there is a potential invasion of privacy and exploita crime.

## **2.3. Situations for a proxy driver**

2.3.1. Operation a proxy driver to 2-3 companies per capita in a proxy drive is registered: The program registration fee of 2-3 times (from 30,000 to 45,000 won) is generated, and each insurance policy has applied to join the force, so premiums also has caused about 200,000 won.

2.3.2. Thereby illegally crossing the suffering to countless dangerous moment, and appears to be a pick-up vehicle is exceeding speeding. Also, because car sales event of an accident, the car is not insured, except that is a serious problem.

2.3.3. rent-a-driver business the perception that the service industry is very scarce situation does not occur in-service training

2.3.4. There is showed cases that the problem does not return change to customers, including service costs levied unfair fees charged unreasonably.

2.3.5. Often, one being injury occurs, but that is not covered by industrial accident insurance.

Therefore, even if injured during work injuries on the job, the injury does not recognize as the industrial accident.

## **2.4. Cost and revenue distribution status**

2.4.1. Program fee and Administrative expenses of substitute driver and so on  
The company are shifted on to the proxy driver for the program fee.

2.4.2. Income share

How the distribution of income is as follows:

sharing method are the pay fixed and Pay Ratio. If services charge is 10,000won, 2,500won sharing to a proxy driver and 7,500won sharing to rent a driver.

even though services charge is 100,000won, the company's fee are only to 2,500 won.

This field continues power game between company and a proxy driver.

## **2.5. A proxy driver car insurance policy**

2.5.1. This primarily applies to the customer's car insurance, secondary applies to the proxy car insurance.

2.5.2. Single vehicle accident, Self-coverage applies to 300,000 won. In addition, the customer's car rental costs are the responsibility of the proxy driver.

2.5.3. Monthly car insurance premium was investigated about 65,000 to 70,000 won to be very expensive levels.

The proxy driver has joined on the average 2-4 companies. Thus, appears to be a very large number of expenditures of car insurance premiums.

2.5.4. company makes covered car insurance to the proxy driver of a few hundreds to thousands in organization. And It are appearing that even if you receive the rebate from the insurance agency. Join groups corresponding have appeared to be due to the maximum 20% premium discount may (Chosun Ilbo, 2013)

### **3. How to institutionalization for a rent driver industry**

#### **3.1. Field of a rent driver business**

##### **3.1.1. Problems and Improvement for the operation of a rent driver business company**

- On the operation of the company is to create standard protocols.
- A proxy driver Insurance policy after joining a proxy driver should be submitted.
- Advance notice about a change in management rules and put a grace period
- Agreement between partners about changes made by the introduction of advance notice is required.
- An Insurance policy per person is enough. An Insurance policy of freelance qualified to perform duties shall

##### **3.1.2. Problems and Improvement for a proxy driver**

- 1.2.1. On a proxy driver sees service training is needed.
- 1.2.2. penalty clause should be introduced if the charged unreasonably provisions such as the problem does not return change to customers, unfair charges levied for services.
- 1.2.3. Full-time status of the article (Full-time) and a freelance (Freelancer) need to be specified as the dual.
- 1.2.4. Industrial accident insurance should make sure to join.

##### **3.1.3. Problems and Improvement for the Program development and operating companies**

- There is shown that the outflow problem of data base. This situation with the proxy driver and our customers' personal data is at risk. Thus, invasion of privacy, and there is probable that can be related crime.
- There are shown to occur frequently that Program development and operating companies illegal trade to the Data base.
- Data base management provisions on liability and penalties should be established. against Data base leakage problems because of the moral hazard these strong penalties are needed.

##### **3.1.4. Problems and Improvement for the rent-a-driver car insurance policy**

- 1.4.1. car insurance for the rent-a-driver direct covering by a proxy driver
- 1.4.2. car insurance for the rent-a-driver should be enough if one insurance policy per rent-a-driver.
- 1.4.3. Current at the time of the accident alone must pay a deductible will be reduced by 100,000 won to 300,000 won.
- 1.4.4. To customers in the event of an accident must pay the costs of the car rental.
- 1.4.5 The traffic accident is not treated by Customer's automobile liability insurance; the traffic accident should be treated by car insurance for the rent-a-driver as 100%.
- 1.4.6. if Insured driver's car insurance want to car insurance for the rent-a-driver, he shall be added special premium only.
- 1.4.7. car insurance for the rent-a-driver premium is too expensive.
- 1.4.8. A wide variety of insurance periods shall be: (1 month, 3 months, 6 months, 1 year, etc.)
- 1.4.9. Insurance period should be in a variety as to 1 month, 3 months, 6 months, 1 year, etc.

#### **3.2. Government support policies**

##### **3.2.1. The rent-a-driver industry for the settlement of the industry suggest that political support is needed**

In other words, supports the tuition for education to a proxy driver, There is a way that hourly wage for a lecture the proxy driver is supported.

##### **3.2.2. The business is considered to be desirable that classified as a small business.**

### 3.2.3. It's needs to support that exports and foreign investment business model of the rent-a-driver

### 3.3. Others

Police departments and security cooperation activities to take advantage of the night is considered to be desirable. In other words, while taking advantage of honors won bangbeomdae see that there is a need to support.

## 4. Conclusion and Suggestions

The spontaneous emergence of the rent-a-driver industry is a new service industry. If The rent-a-driver industry institutional settlement to one of the industries is very significant economic contribution. Today's economic situation is not the job growth appears to have major problems. Appeared on the principle of the market economy industries can be called a true creative industry. This industry compared to the industrial created by policy, socio-economic contribution is considered very high more than the industrial jobs created by policy.

The rent-a-driver industry argue that the following should be settled. First, Rent-a driver business is an industry that is being activated by social change (Increasing the vehicle, strengthening the penalties for drunk driving, such as a change of awareness). In other words, it is the emergence of new industries by the principle of the free market. The rent-a-driver industry is an industry with high socio-economic contribution. Second, Rent-a driver industry "e-business" industrial era can be called convergence. In other words, IT industry and traditional industries the convergence industrial. Should be engaged directly by the driver because the employment effect is very large. Third, the characteristics of a proxy drivers are as follows: Business loser, you are not ready to aging retirees, unemployed youth, and two job workers consists of characters, and they need the protection of the social safety net is group. Thus, it will be effective that institutional to build a social safety net for those engaged in the formal industry. There are the policies that will be effective of two kinds of government policies (effective employment support policy, welfare policy effects) through the support policy of one. Fourth, it is considered that the effect of increasing the national wealth through foreign investment of the business model.

The rent-a-driver industry settlement plan are as follows:

First, fair management rules to all the direct parties is considered necessary. Current rules are biased to the business operators. Second, the car insurance for the rent-a-driver should be considered necessary that management and control. In other words, should be considered necessary that administration for an unreasonable contract of between the insurance company (distributor, etc.) and the center operator. Third, On a proxy driver support to education is needed. The rent-a-driver industry also should be included support companies as a small company and small commerce and industry business in the target. In other words, It is support to companies (center operator) for a facility fee and operating capital, management consulting fee and training costs. a proxy driver Training participant for attendees to education will be necessary to support the hourly rate. It is should be considered necessary payments to training participants of a proxy driver for the education Allowance, Settlement of the rent-a-driver industry is an industry of to create jobs of ordinary people, according to the principles of the free market convergence can be called creative industries. The rent-a-driver industry is the spontaneous creative industries, and the role that social security is considered because the social safety net Industry.

In addition, it's is confident to become independent in the short term by the political support of the minimum. This industry support policies to maximize the effectiveness and efficiency of the industry, and considered be aware of what is meaning as to social value more than industry of economic implications.

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