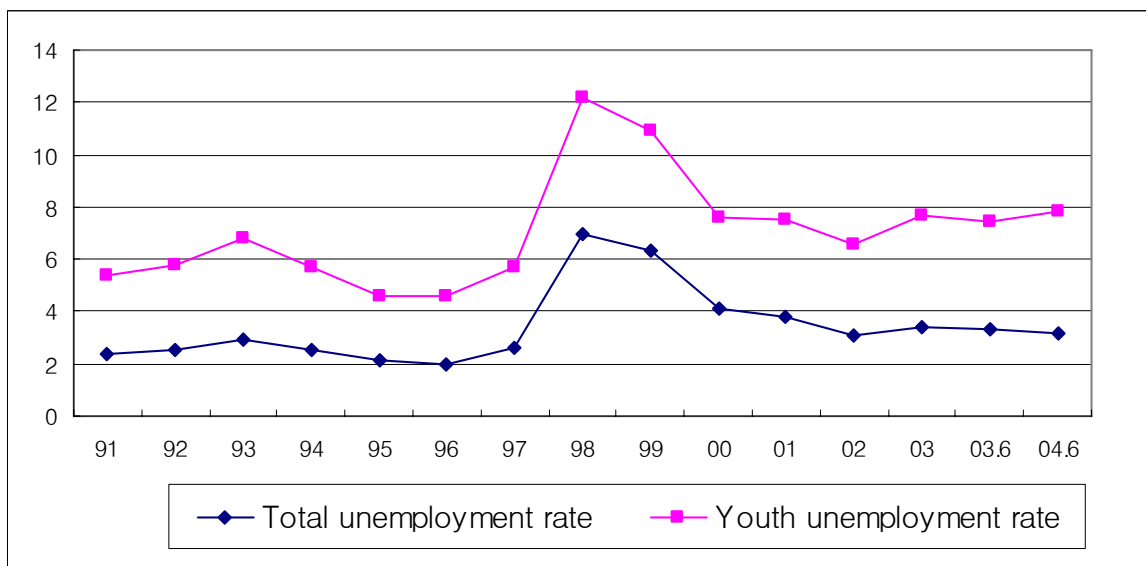


South Korea

1. Overall Condition of Labor Market

Immediately after the Asian Economic Crisis, the youth unemployment rate for people aged between 15 and 29 soared to 12.2% in 1998, which dropped to 6.6% in 2002. It was 7.8% as of June 2004 due to the economic slowdown in South Korea (Chart 1). It seems that the youth unemployment rate itself is not taken seriously in South Korea. Rather, reduction of a so-called “decent work” is seen as a threat, as the percentage of non-full-time workers is increasing. This is due to cutbacks in job openings by leading companies (chaebols, public corporations and financial enterprises) that are popular among highly educated young people who are seeking employment. The government established in 2003 the Youth Unemployment Council within the Office for Government Policy Coordination, which operates under the direct control of the prime minister, and launched a vocational competency development training policy to address the issue of youth unemployment.

<Chart 1> Youth Unemployment Rate Change in South Korea



Source: National Statistical Office

2. Overall Condition of the Vocational Competency Development Training Policy

(1) Basic Principle of the Vocational Competency Development Training Policy

The government has launched several countermeasures (e.g., project to counter short-term unemployment, employment support for the middle aged and youth, expansion of 3 unemployment insurance programs) to address the issue of unemployment since the outbreak of

the Asian Currency Crisis. The latest Mid-Term Employment Policy Basic Plan (2004-2008) stipulates that its policy objective is to “provide education opportunities to 3 million people per annum by establishing a lifelong vocational ability development system.” There is also another goal, which is to ensure a smooth transition from school to work in an attempt to resolve the labor-supply demand mismatch. Other priority issues include; (i) promotion of a comprehensive package of “youth employment support programs” that provide personal employment support ranging from vocational guidance to job placement, (ii) introduction of an incentive for employers who participate in the on-the-job experience program by way of enhancing cooperation between industry and academia, and (iii) development of various education and training programs to meet the needs of young people.

(2) Vocational Training Policy Framework

In general, the Ministry of Labor plans and administers vocational competency development policies, including a vocational competency development training and certification system. These policies are implemented by public and private training institutes. Public training institutes (e.g., Human Resources Development Service of Korea, polytechnic colleges, Korea University of Technology and Education) have an obligation to cultivate highly competent technicians, multifunctional engineers, vocational instructors and other specialists depending on their mission. Public training institutes (e.g., vocational training businesses, vocational technical schools, in-company training facilities) provide vocational competency development training to people who are placed with them by the Ministry of Labor.

Under the Workers’ Vocational Training Promotion Act that came into force in 1991, local governments are allowed to plan and implement vocational competency development policies within the limit of their budget. However, only a few local governments provide vocational competency development training or operate a public vocational school (there are seven training institutes in Seoul, Gyeonggi-do and other cities). However, local governments are given the authority to plan and implement employment promotion training programs that are funded 80% by the central government and 20% by the local government.

<Table 1> Outline of Training Programs

(Unit: Persons in thousands, 100 million Won)

Category	Target	Support Service	Fiscal 2004 Budget	
			Number of Persons	Budget
Total			2,098	8,749
<input type="checkbox"/> Training for incumbent worker			1,957	3,264
- Vocational	Incumbent worker	Employers provide	1,790	2,146

competency development training		financial aid to their employees at the time of training.		
- Financial aid to incumbent worker	Workers who are aged 40 and above, who are due to leave, who work for a business with less than 300 workers	Financial aid of about 50 to 100% of training costs, up to 1 million won.	122	280
- Paid holiday training	Incumbent worker	Part of training costs or wage is provided during paid holiday training for 30 days or more (14 days or more for a business with less than 150 workers).	6	118
- Vocational competency development loan (Student loan + training loan)	Workers who study at a university/workers who are receiving training	Student loan available at an annual interest rate of 1%. Training loan available at the national interest rate of 1.5% (loan of up to 3 million won available).	39	720
<input type="checkbox"/> Training for the unemployed			83	1,678
- Reemployment training for the unemployed	Unemployed with employment insurance	Training expense and training benefit.	60	1,155
- Pre-employment training	Newly unemployed such as unemployed university graduates	Training expense and training benefit.	12	369
- Employment promotion training	Under-represented group such as the vulnerable	Training expense and training benefit. *Local governments provide aid.	11	154
<input type="checkbox"/> Specialist Development Training			58	3,807
<input type="radio"/> Human Resource Development Training			(9)	(285)
- Technicians development training	Youth who do not advance to higher learning	Manufacturing skills training at the Human Resources Development Service of Korea and other training institutes (1 year course).		
- Government funded training	Youth who do not advance to higher learning/the unemployed	Training to develop workers required in manufacturing and other sectors at the Korea Chamber of Commerce & Industry	12	903

○ Human Resources Development Service of Korea (short-term training)	Vulnerable such as the aged	or a public vocational institute.	23	1,477
○ Polytechnic college	Youth	Multifunctional engineer development (2 year course).	19	895
○ Korea University of Technology and Education	Youth vocational instructor	and Vocational instructor development and instructor redevelopment.	4	248
○ Other		E.g., Small and Medium Enterprise Training Consortium (20.8 billion), training facility and equipment loan (4 billion), Korea Research Institute for Vocational Education and Training (1.3 billion), financial aid to cover the fee for official examination (600 million).		284

Source: Data obtained at the time of hearings with the Ministry of Labor.

3. Characteristics of Major Training Programs for Youth

Training programs for youth can be divided roughly into two categories, programs designed for the young unemployed who are graduates of high schools or lower educational institutions including school leavers and dropouts, and programs intended for the young unemployed who are university graduates.

(1) Pre-employment Training

Pre-employment training began as part of the effort to combat the issue of unemployed youth with higher educational attainment. Pre-employment training is designed for unemployed university graduates and other unemployed who are not in the employment insurance scheme (including graduating students). To gain access to pre-employment training (courses are intended to help people find a job or start up a business and thus include a programming course, web-related course, and tour guide/interpreter course), people sign up for employment support service at a job center and receive vocational guidance. Training programs are designed to get people ready for a job in the sectors where they are likely to find more job opportunities. The Ministry of Labor plans and coordinates pre-employment training, and public training institutes, vocational competency development training facilities, vocational competency development training businesses and general vocational technical

schools offer training programs (training was available at 438 organizations in 2003). The duration of training varies from one month to one year, and people are allowed to take up to three training courses before they find a job. The service sector-related courses such as cooking and beautification account for 9.2% of pre-employment training programs, the information and communication sector-related courses such as web design and information processing for 43.9%, and the construction sector-related courses such as machinery and equipment for 15.6%.

Pre-employment training is aimed at bringing the unemployed into careers. Therefore, vocational training institutes are evaluated based on objective criteria such as placement rate, dropout rate and percentage of people who obtained qualification. If they do not attain a target objective, they will be given penalties. For example, points will be deducted when they seek approval for their pre-employment training courses for the unemployed in the next round. The successful training institutes will be granted approval first.

Vocational training institutes have an obligation to provide a job placement service within three months following the completion of training and submit the list of trainees who remain unemployed to a job center. A job center registers these unemployed trainees to encourage them to participate in job fairs and provides other job placement services.¹ In 2003, 16,240 people received pre-employment training, well above the target objective of 13,000 (124.9% of the target objective). Performance is 23,676 million won(60.7% of the total budget).

〈Chart 2〉 Results of Vocational Training

(Unit: Persons, %)

Year	Target Number of Trainees (A)	Number of Trainees (B)	Number of Trainees that completed training	People who found a job (Employment Rate)	Certification (Percentage of employees certified)	Number of Dropouts (D)	Percentage of Dropouts (D/B)
2001	14,400	12,932	8,704	3,392 (34.5)	1,467 (15.6)	3,102	24.0
2002	13,200	16,288	10,680	4,428 (36.4)	3,473 (21.3)	4,138	25.4
2003 (June)	13,000	16,298	10,950	4,687 (37.7)	3,200 (20.1)	3,483	21.4

¹ Presently, the government is examining the possibility of enhancing vocational guidance and after the fact control, including the extension of the after the fact control period from 3 months to 6 months.

2004)							
Standard as of June 2004	13,667	11,937	856	671 (47.9)	789 (28.7)	1,350 (1,350)	11.3

Source: Data obtained at the time of hearings with the Ministry of Labor.

(2) Government-Funded Training

Government-funded vocational training programs are provided by 8 vocational training institutes under the Korea Chamber of Commerce & Industry and 62 private vocational training institutes, with the aim of turning school leavers and dropouts into skilled workers for manufacturing and other sectors that are faced with manpower shortage. There are various courses to develop skills for selected, priority occupations, including machine design and development, mechatronics, information and communication equipment, welding, upholstery and machine mounting. The number of trainees has been on the increase. However, it has been pointed out that it becomes increasingly difficult to secure trainees for these courses, because these types of jobs (difficult, dirty and dangerous) are not very popular among young people (Chart 3).

〈Chart 3〉 Results of Government-Funded Training

(Unit: 1 million won, Persons, %)

Year		2001	2002	December 2003	2004
Number of Trainees	Target	10,000	12,000	10,000	12,000
	Result	9,789	10,920	11,662	—
	Employment Rate	50.1	51.0	88.6	—
	Dropout Rate	15.2	19.4	13.8	—
Budget	Target	50,040	72,000	75,332	90,293
	Result	45,890	62,280	70,767	—

(3) Internship Program

The internship program was introduced in 1999 as a temporary emergency measure following the outbreak of the Asian Economic Crisis. The program provides on-the-job training

opportunities for the young unemployed at a private company with employment insurance and 5 to less than 300 employees. Many question the effect of the internship program, because only a small number of companies participate in it.

As the issue of an excessive supply of university graduates and cutbacks on hiring by leading companies become evident, the internship program increasingly draws attention because it provides opportunities for unemployed new graduates and small and medium enterprises to meet. The internship program has been enhanced to provide a packaged support approach to help trainees get into a company (small and medium enterprises in particular). For example, a 6-month internship program was introduced in the end of February 2004 to offer on-the-job training to junior year students during the second semester and senior year students during the first semester.²

(1) “2+1” Program and “2+2” Program

The “2+1” Program is similar to the Dual System that has been operating in Germany. After signing up for the “2+1” Program and after two years of academic study, a student begins one year on-the-job training at a company to learn as they work. This program is aimed at helping students acquire practical knowledge and skills required in industries.

There is also a program called the “2+2” Program, a revised edition of the Tech-Prep Program developed in the US. (The Tech-Prep Program is also called an Articulation Program: The Articulation Program is designed to allow students to continue their education from vocational high school to junior college without interruption, and to acquire specialist knowledge and skills. Classes of the last two years of vocational high school are related to the contents of courses provided by the junior college in the first two years.)

(Reference)

The Ministry of Health, Labour and Welfare, Japan. “White Paper on the Overseas Situation (2000-2001)”, 2001

² “Kaigai Rodo Joho (Overseas Labor Information)” Website, JILPT, January 2004