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Employment and Labor Policies in Transition : Social Policy

Recommendations to Improve Employment Services

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I. Introduction

This study will present some recommendations to improve Korea's employment services. More specifically, it will focus on the areas that have long been discussed in the field of employment services in Korea but still require improvement, as well as the areas that need to be addressed in response to social and institutional changes that are expected to arise in the future. To that end, chapter II will cover the current status of employment services, and chapter III will discuss the issues that require immediate improvement. Chapter IV will present some points that need to be taken into consideration for future employment services.

II. Current Status of Korea's employment services

Employment services consist largely of services to support finding and maintaining work (Kil, 2016). Particularly, the services to support the unemployed are placed at the top in terms of importance. Although study results differ slightly depending on the period or the method of analyzing data, they generally confirm that about 30~40% of unemployed Koreans receive personal employment services (Kim, 2016; Oh, 2016).

As shown in Table 1, employment services in Korea can be public or private, depending on who provides the services. The two types tend to be clearly distinguished: public employment services generally assist job-seekers with finding permanent jobs, while private employment

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Table 1. Job search methods used by the unemployed (First Half 2016)

	Public job placement institutions	Private job placement institutions	Mass media	Schools, private academies	Relatives, friends, co-workers	Others	Total
Percentage among unemployed (%)	23.7	17.4	36.3	2.5	19.4	0.7	100

Source : Economically Active Population Survey (as cited in Kim, 2016, p. 14).

Table 2. Number of economically active persons per employee of public employment services

	(unit : person)			
	Korea	Germany	United Kingdom	Japan
1997~1999 data	8,049	338	867	4,438
2013~2015 data	5,467	447	463	2,359

Source : MOEL (1999); Oh (2016).

services—except for those provided by contractors of government agencies—specialize in helping workers find day labor positions in construction, domestic work or caregiving services (Kil et al., 2015a). In line with such division of roles between public and private service providers, this paper will attempt to discuss measures to improve employment services.

III. Setting Direction for Improving the Existing Employment Services

The history of Korea's research on employment services corresponds to the history of reforming the nation's employment services. Up until recently, numerous studies—including Kil (2016) and Oh (2016)—have been conducted in an attempt to seek effective measures to reform Korea's employment services. In this chapter, four points that have been selected from those studies as dealing with the most fundamental aspects will be discussed.

1. Reinforce/adjust the infrastructure for public employment services by having more face-to-face counselors

Since a personal, face-to-face relationship between ser-

vice provider and user is a key factor in any social services (Kil, 2016), it can be said that the core infrastructure in employment services would be employment counselors who provide face-to-face counseling services to users. From this perspective, the level of infrastructure for public employment services is directly related to the number of face-to-face employment counselors.

Researchers in Korea have mainly utilized the national comparison statistics on the number of economically active persons per employee of public employment service providers for years to identify the need for hiring more face-to-face counselors. As Table 2 shows, despite a significant increase in the number of personnel during the past two decades, Korea has not been able to accomplish the similar level of infrastructure improvements as Germany, the United Kingdom, and Japan. Of course, such a comparison is limited in its usefulness as a basis to identify the need to reinforce infrastructure because it does not consider the differences in national circumstances with regard to employment services. Furthermore, it does not compare the precise number of face-to-face counselors among different nations.

Therefore, when determining the need to hire more face-to-face counselors in public employment services, the focus should be placed on analyzing the domestic environment of employment services, rather than on making

Table 3. Excess/Shortage of Manpower at Employment Centers

(unit : person)

	No. of Respondents	Required Manpower	Shortage of Manpower	Required Manpower (including additional workload)	Shortage of Manpower (including additional workload)
All Employment Centers	2,537	3,038	501	3,094	557

Note : The total number of employees at the time of survey was 4,470.

Source : Kim et al. (2015).

a comparison with other countries. In fact, recent studies conducted with such a focus as well as other administrative materials confirm that the current supply of face-to-face counselors in public employment services is lagging far behind the demand, much insufficient to complete the prescribed workload. For example, Kim et al. (2015) analyzes the results of the survey taken on 2,537 employees of employment centers and concludes that about 557 additional staff members are needed. Seo (2016) shows that counselors working under the Successful Employment Package program provide employment services to a much higher number of individuals than the maximum number designated per counselor (100~120 persons). Furthermore, according to Kil et al. (2015a), the ratio of face-to-face counselors to the potential demand for public employment services varies greatly in different regions of Korea. Considering them, it is essential to add new hires, increase work efficiency to facilitate workers in other occupational categories to transition to the role of counselor, and reallocate personnel across regions.

However, it should be noted that, until now, most of the studies arguing for the need for a quantitative increase in personnel were based on the opinions of street-level counselors or managers (e.g. Kim et al., 2015). Also, the maximum workload of an employee used as a standard to determine the need for additional personnel—e.g. the maximum number of job-seekers to be managed per year by a face-to-face counselor working under the Successful Employment Package program—was not derived from thorough research. Therefore, going forward, it would be necessary to expand research efforts continuously in iden-

tifying the number of additional face-to-face counselors required to adequately meet the goal of employment services, i.e., assisting jobseekers with finding a work. In this regard, Germany has conducted several initiatives and pilot projects—such as ‘FAIR’, ‘1:70’ and ‘Berlin Job-Offensive’—over the past 10 years or longer to examine the correlation between the number of face-to-face counseling sessions and the probability of users to find employment (Fertig & Csillag, 2015). Following the example of Germany, it would be crucial for Korea to conduct such pilot projects in order to ensure effective utilization of human resources.

2. Reinforce EWPC to accomplish coordination of redundant social services and strengthen linkages between services

Individuals using social services including employment services may have a single service need or multiple needs depending on their circumstances or personal characteristics. Of course, to respond to such differing needs, providers of social services (including the government) need to optimize the ways they offer services. In other words, they need to minimize the provision of excessively duplicative or overlapping services when responding to a single service need, while introducing integrated services or strengthening the linkage between individual services when responding to multiple needs. In particular, given that many social services are provided within regional boundaries (Allard, 2009), one of the most important challenges in restructuring the social service delivery

Figure 1. Goals of Employment-Welfare Plus Center (EWPC)

Policy Goal	Enhance cost-effectiveness for both users and service providers by promoting organic linkage and integration of the social service ecosystem within regions			
Problem Areas	Service fragmentation		Confusion among users	
Action Strategies	Internal coordination of redundant services within EWPC	Strengthening linkage between services within EWPC	External integration with other institutions	Strengthening linkage with other institutions
Definition Major Target	<ul style="list-style-type: none"> • Redundancy: same services provided by other participating institutions • Redundant services (especially in job placement assistance): employment centers, job centers, Saeil centers, etc. 	<ul style="list-style-type: none"> • Linkage: different services provided by multiple participating institutions under EWPC for a single user • Various linkages: employment-employment, employment-welfare, employment-finance, etc. 	<ul style="list-style-type: none"> • Integration: space integration with other service providers within regions • Other employment service providers moving into EWPC: e.g. Korea Employment Agency for the Disabled 	<ul style="list-style-type: none"> • Linkage: different services provided by EWPC and other service providers within regions for a single user • Various linkages: EWPC-community service center, EWPC-welfare center, etc.

Source : Kil et al. (2015).

system is coordinating redundant services within regions while strengthening the linkage between different services.

Since very long ago, the Korean government has been making steady efforts to address the related issues. Some examples of such efforts include the Health and Welfare Service Office program (1995~1999), the Social Welfare Office program (2004~2006), and the Employment-Welfare Plus Center (EWPC), which has been being established since 2014(Kil et al., 2015b; Lee &Yoo, 2015). In particular, the establishment of the EWPC is considered to be a very noteworthy attempt in the sense that, "in the history of social services in Korea, it is the first realization of nationwide space integration of many heterogeneous social service institutions with different governance structure in the fields of employment, welfare, culture, and finance (Kil, 2015: 132). The EWPC itself has the potential to bring about many positive changes, e.g. enhancing work efficiency by allocating different roles among several employment service providers within regions such as employment centers, job centers run by local governments, and Saeil centers for women's reemployment; and realiz-

ing more user-oriented delivery of services by promoting the linkage between heterogeneous social services within regions. It is expected that the government will set up 30 more EWPCs by 2017 to have a total of 100 EWPCs in Korea.

Once the government succeeds at establishing more EWPCs across the nation as planned, the next step—EWPC 2.0—would be to examine how to realize the aforementioned potential of EWPC effectively. This is because the EWPC has not yet been able to maximize the potentials of participating institutions. For instance, Kil et al. (2015b) shows that, because the participating institutions of EWPC still operate their HR/evaluation/budget systems individually, they cannot be considered as one institution. Also, the study shows that a significant number of EWPCs have not been able to develop a strong network with other providers of social services within regions. Therefore, as summarized by Kil (2015) (See Figure 1), the government needs to set a detailed goal of "internal/external coordination of redundant services and strengthening linkages," and strive to actively make use of EWPCs to address the problem of social service fragmentation within regions.

3. Overcome the potential problems arising from the fee-charging job placement service providers being small-sized

Fee-charging job placement service providers play a key role in Korea's employment services (See Table 4), and most of them specialize in job placement services in construction, domestic work or caregiving services (Chang, 2013). Many researchers have long pointed out that one of the major problems with regard to these providers is their small size of business (Beak & Park, 2008; Keum et al., 2016). Statistical data confirms that most of Korea's fee-charging job placement service institutions are small-sized, with 5 employees or less, except for few large job placement agencies. Specifically, the average number of staff at these institutions was 2.81 as of 2015 (See Table 5; Oh, 2016).

The problem of these service providers being small-sized is that they are likely to be vulnerable in many aspects, e.g. competitiveness. A recent survey indicates that small-sized private employment service institutions (with 1~4 employees) not only fall behind large institutions in terms of the number of employees, sales, job placement performance, and the vocational training participation

rate of employees, but also has a negative assessment of their own future competitiveness (Keum et al., 2013). Furthermore, being small-sized is likely to be associated with such issues as lack of expertise, negative images, etc. (Beak & Park, 2008; Keum et al., 2016) that have long been pointed out as the problems of private employment services.

Considering several potential problems arising from these private employment service providers being small-sized, it appears that new policy measures need to be introduced to address such weaknesses. In particular, since a fee-charging job placement service provider can be established simply by registering it with the government, the implementation of direct policy interventions comes with fundamental limitations. Therefore, it is necessary to come up with more creative improvement measures, e.g. establishing a cooperative-style fee-charging job placement service institution to be operated with the participation of 5 members or more in a democratic fashion, or introducing a rating system used to rank hotels to the field of private employment services to encourage fundamental reform of the current market structure of private employment services (Keum et al., 2013).

Table 4. Number of private job placement service providers, providers of vocational information, and temporary work agencies in Korea

	Job placement service providers		Providers of vocational information	Temporary work agencies
	Free of charge	Fee-charging		
Number of institutions	1,564	10,475	1,145	2,468

Note : job placement service providers (as of March 2015), temporary work agencies (as of 2014) (Keum et al., 2016), providers of vocational information (as of 2015) (Oh, 2016).
Source : Keum et al. (2016); Oh (2016).

Table 5. Employee Status at Fee-charging Job Placement Service Providers

	Number of employees per institution	% of institutions with 5 employees or more
2013	3.11 persons	14.9%
2015	2.81 persons	12.1%

Source : Oh (2016).

4. Enhance the employment quality for face-to-face counselors employed by government contractors

Another problem that is often raised regarding private employment service providers, apart from being small-sized, is the employment quality of counselors hired by government contractors. In particular, although there are slight differences among different government contract projects, the level of wages observed among face-to-face counselors employed by government contractors is significantly low compared to that of general workers. For example, in 2017, the amount of monthly personnel expenses allocated to those providing employment assistance for vulnerable groups (homeless, construction workers) is 1.8M KRW per employee (MOEL, 2016) and 1.73M KRW in the case of Saeil center (MOGEF & MOEL, 2017).¹⁾ Also, those working for the Success Employment Package program, a major government contract project, received 1.45M KRW as a starting monthly salary, and 1.65M KRW per month on average, as of 2015 (Kim et al., 2015).

It appears that such a low level of pay is associated with high turnover observed among employees of government contractors that provide employment services (Hyeonjong Kil, 2013). According to a recent statistical report, the average years of service among workers of government contractors that provide employment services (2.1 years) were much shorter than those working at public employment institutions (5.0 years), those working at social service institutions (6.8 years), and all wage workers (5.1 years) (Go, 2012).²⁾ It is also found that the average years of service of face-to-face counselors working under the Success Employment Package program are too short that some begin to serve as a team manager within a year of starting the

job (Lee et al., 2016; Kim et al., 2015).

Considering the importance of work experience of those providing social services, such a low level of pay and high turnover among face-to-face counselors are highly likely to act as a big obstacle to enhancing the quality of government contract employment services. Therefore, the government needs to make efforts to enhance the quality of employment for the face-to-face employment service counselors to remain in their job for a long time.

IV. Future social and institutional changes and reform of employment services

Korea's employment services are faced with not only the immediate need to address the aforementioned problems but also the challenge of adapting to the environmental changes that may occur in the future. Therefore, this study will discuss the two environmental changes that are likely to take place in the near future: technological advancement and reform of social safety net programs.

1. Changes in employment services following technological advancement³⁾

Recently, with the emergence of the Fourth Industrial Revolution, Korean society has actively been engaging in discussions on the sophistication of the internet and other technologies as well as its impact on society. Of course, this trend requires new changes in employment services, just like in other social systems. With regard to technological advancement, there are five possibilities that need to be examined particularly in the area of employment services as follows: 1) sophistication of artificial intelli-

1) Saeil center has also set a lower limit of 1.59M KRW per month (MOGEF & MOEL, 2017).

2) The average years of services among workers of private employment service providers were confirmed through a survey mainly on government contractors providing employment services.

3) Below is the summary and overview of Kil (2017).

gence (AI) and increased utility of big data; 2) expanded job opportunities in new fields such as data management; 3) increased likelihood of changes in required job duties; 4) expanded opportunities to establish low-risk, small-sized enterprises; 5) emergence of new types of work and employment.

Specifically, the following response measures should be considered in employment services to adapt to the environmental changes. First, it is necessary to seek ways to utilize AI or big data in employment services. For example, big data such as counseling records can be analyzed to offer optimized counseling services to individual users. Of course, given the psychological and emotional value of face-to-face counseling, AI or big data should only be used as a complementary tool to enhance the effectiveness of counseling sessions. An extremely cautious approach should be taken concerning the use of AI computers as a replacement of human counselors. Second, the existing vocational training courses should be reformed to meet the requirements of new jobs. This involves not just adding new occupational categories (such as data management) to the existing courses, but also changing the entire system of vocational training demand forecasting so that users can promptly respond to any changes in job duties that may occur in the field or the industry. Third, it is necessary to strengthen the systems for continuing vocational training and job transfer support for those who are employed. Since the increasing sophistication of automation using AI robots means that some of the existing job duties may change in their nature and there may be rising demand for job transfers, it is important to strengthen continuing vocational training and build a long-term, systematic job transfer support system to help workers adjust to new duties or transfer to new jobs smoothly. Fourth, the existing services to support establishment of businesses need to be improved. These days, it has become possible to set up a new business with little capital and relatively low risks if one makes use of 3D printing technologies or a

crowdfunding platform. Thus, it is necessary to reinforce employment services aimed at supporting establishment of businesses so that individuals with creative ideas can easily start a business. Fifth, recent technological advancement has changed the forms of work and employment itself, such as creating so-called crowd work and facilitating remote work. Therefore, it is desirable to consider new employment services that satisfy the demand of users who want to make use of new forms of work and employment.

2. Changes in employment services following the changes in the social safety net system

It can be said that the changes in the social safety net system that are closely linked with the activation policies correspond to the changes in public employment services. As an example, the introduction of unemployment assistance has been frequently discussed in recent years in Korea (Lee et al., 2013). If, in the near future, such a new social safety net is implemented or the existing social safety net system is reformed, it is highly likely that public employment service providers will be asked to make fundamental changes to their infrastructure as well as the content of services.

Specifically, the introduction of a new social safety net targeting those capable of work is likely to demand a significant increase in personnel providing employment services. To increase staffing, it is essential to make an accurate forecast of the demand for staff and secure a sufficient number of professional vocational counselors. In addition, a careful thinking and planning should be carried out in advance to determine how to differentiate the new services from the existing services and how to effectively deliver those services. In doing so, various factors such as the following should be taken into account: how to apply the criteria for selecting participants to the street-level workers; how to monitor and track job-seeking activities of users in their daily life; when a face-to-face counselor

provides a reasonable job offer, to what extent can a user be forced to accept it; what level of linkage should be maintained with other social services such as welfare, etc. Of course, as the reform of the social safety net system may accompany changes in the existing public employment services associated with the existing social safety net, it is crucial to keep in mind not just the employment services related to the social safety net concerned but also the entire system of employment services that may be affected by the reform.

V. Summary and Conclusion

So far, this study has discussed some of the ways to improve Korea's employment services. It presented the need to have more personnel providing face-to-face services to ensure effective delivery of public employment services; the need to reinforce EWPC to address the problem of social service fragmentation within regions; the need for

private fee-charging job placement institutions to overcome the constraints of being small-sized and to provide competitive private employment services; and the need to enhance the employment quality for face-to-face counselors employed by government contractors to raise the quality of their employment services. In addition, this paper mentioned that Korea's employment services need to make preparations to respond to several future changes arising from such factors as technological advancement and reform of social safety net programs.

It is believed that the majority of the aforementioned policy measures will definitely require additional fiscal inputs. When changes in employment or labor result in a crisis faced by individuals, one of the most reliable tool available now to overcome such circumstances is employment services. And, given that the success or failure of employment services depends to a high degree on the service quality of face-to-face counselors, it is essential that the government needs to take a more active approach to spending additional fiscal resources.

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