



KLI Working Paper

August 26, 2020

For Inquiry: KLI International Cooperation &
Information Office

Address: 370, Sicheong-daero, Sejong-si, 30147, Korea
www.kli.re.kr/kli_eng

Author(s): Joo-Seop Kim

Directions and Challenges of Vocational Education and Training Policies in Response to COVID-19*

Joo-Seop Kim**

I. Introduction

After the initial outbreak in November 2019, COVID-19 was declared a pandemic by WHO in March 2020. Since then, the virus has spread uncontrollably across the globe, having a tremendous impact on the economic and social order of many countries. Although, in the early stages of the outbreak, some raised hopeful prospects that this new infectious disease could be tackled in the short-term, the prevailing outlook at this stage is that the development of vaccines and treatments for COVID-19 will take a considerably long time (at least 6 months), and even if the disease can be eliminated, economic and social changes caused by the current pandemic will be so profound that it would be impossible to go back to the way things used to be pre-COVID-19.

Since the 1997 Asian Financial Crisis, there have been

several cases where a crisis in the financial market spread to the commodity market, which in turn transferred to a labor market crisis. However, the COVID-19 pandemic put restrictions on the movement of manpower and have caused the commodity market to slow down with severe restrictions on labor activities in the labor market which resulted in reduced corporate production. Therefore, if the current situation is prolonged, the impact on labor demand and supply is expected to be profound and wider than previous incidences.

It is evaluated that the government has established and implemented various policy responses with a profound awareness of the gravity of the current pandemic. In terms of the labor market policy, various government ministries jointed announced the “Measures for Employment and Business Stabilization to Overcome Job Crisis” on the 22nd April, showing a prompt response to the

* This working paper was originally written and published in Korean, on June 22nd, 2020 in the KLI Employment and Labor Brief (2020-07).

** Senior Research Fellow (jskim@kli.re.kr).

labor market crisis caused by COVID-19. However, the current policy direction focuses on short-term remedies aimed at addressing the immediate livelihood crisis such as the prevention of corporate bankruptcy, job retention and unemployment measures. Although follow-up measures are expected to be announced in the future based on the continuous monitoring of the pandemic, it is judged that mid-to long-term strategies need to be established at this stage, given that it has become almost certain that the economic and social aftereffects of COVID-19 cannot be resolved in the short-term.

This paper aims to examine the current status of VET during COVID-19, and presents the direction of response strategies from the short-term and mid-to long-term perspectives.

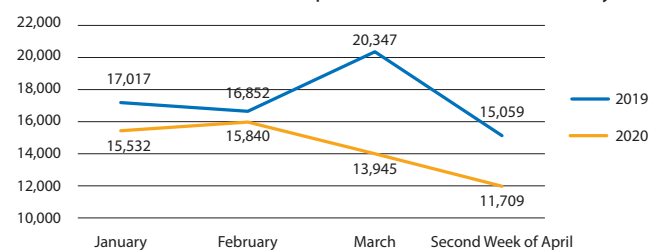
II. Impact of COVID-19 and Current Responses

Various indicators show that COVID-19 has a huge impact on the domestic VET market. As shown in [Figure 1], the number of training courses offered since January 2020 is about 1,500 less than the previous year. In March, the decrease in numbers was around 6,500. In April the gap compared to last year was reduced, however was still 22.2% lower than in 2019.

More specifically according to [Figure 2], vocational training entrusted by employers saw a marked decrease in operation due to COVID-19 that showed a decrease of 92.4% during the second week of April compared to the previous year, followed by a decrease by 72.6% in vocational training conducted by employers. Also, in the case of training for incumbent workers, the rate of decline was 19.2%, which was significantly lower than the decrease in employer-led training courses. On the other hand, the number of existing training courses for the unemployed recorded only about 4% reduction, while the number of newly-added courses are seeing an increasing trend

of 13.8% (for general training for the unemployed) and 63.0% (for training in national key or strategic industry-related occupations for the unemployed). Meanwhile a similar pattern was observed for the number of trainees during the same period. In summary, due to COVID-19, the current domestic VET market is experiencing a significant decrease in employer-led training, a slight reduction in training of workers and a small increase in training of the unemployed.

[Figure 1] Number of Domestic VET Courses from January through the Second Week of April in 2019 and 2020 (Monthly)

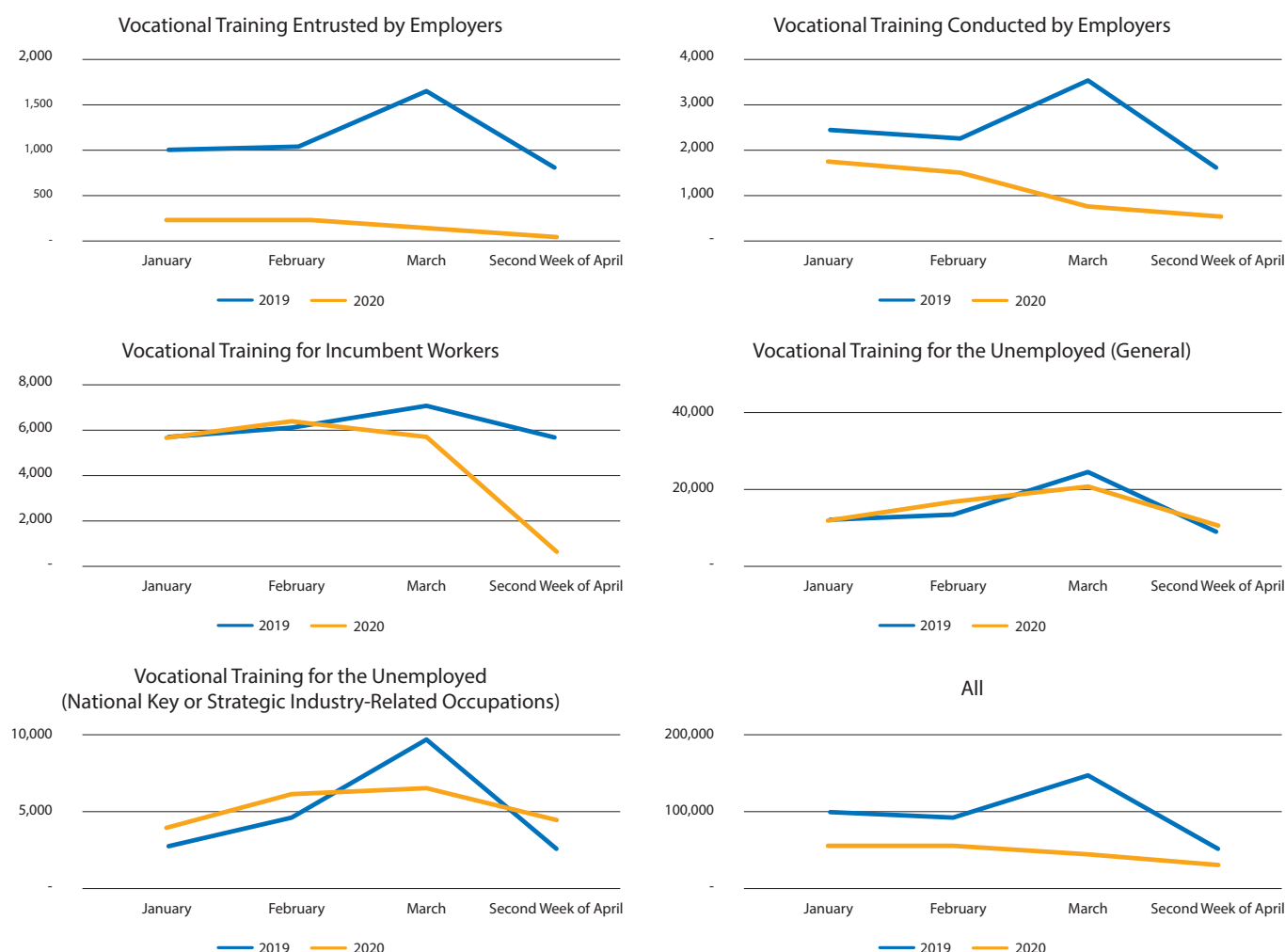


Source : Internal Data from the Korean Skills Quality Authority(May 2020).

However, this situation is not limited to Korea. According to the ILO-UNESCO-WBG Joint Survey on VET and Skills Development during the COVID-19 crisis, as of May 15, 2020, it was found that 114 out of 126 countries surveyed were temporarily closing VET operations. Also according to a research by Cedefop (European Centre for the Development of Vocational Training), search volumes for queries such as “e-learning” and “online training” saw a sudden increase since January 2020. In the face of the sudden pandemic of COVID-19, countries around the world are finding it hard to develop a systematic response strategy and are currently at the stage of searching for opportunities to expand contactless training.

The Korean government continues to implement prompt policy responses, but has not been able to establish and execute a mid-to-long-term strategy due to the uncertainty of how the pandemic will unfold in the future. Although some VET policies are included in the “Measures for Employment and Business Stabilization to Overcome Job Crisis” jointly announced by government

[Figure 2] Number of Domestic VET Courses by Type from January through the Second Week of April in 2019 and 2020



Source : Internal Data from the Korean Skills Quality Authority(May 2020).

ministries on April 22, overall the policy direction focuses on short-term special measures to tackle the employment crisis. In regard to VET, the government included only the necessary minimum plans in the policy, e.g. to expand support for the Employment Success Package Program (increase of 50,000 persons from 140,000 to 190,000) and the Tomorrow Learning Card System (increase of 620,000 persons from 374,000 to 436,000). As discussed above, the most problematic part of the training market is employer-led training. Therefore, a more comprehensive policy with the purpose of responding to the crisis and expanding contact-less training should be presented in the near future.

III. Strategic Response and Policy Challenges

Although COVID-19 has made a tremendous impact on various economic and social sectors, ironically the impact from the crisis is not totally negative. As many experts point out, there have been rapid changes in the labor market that have been further accelerated from the current pandemic which had been predicted to occur due to factors such as the fourth industrial revolution and aging society. In other words, the current labor market changes such as creating flexible work environments such as allowing work from home, expanding application of contactless technology and implementing new working arrangements which would have been difficult to implement under

usual circumstances are rapidly progressing from the COVID-19 crisis. Therefore, the fact that the labor market will be able to gain more competitiveness after successfully overcoming the current crisis from the pandemic should not be overlooked. Also along with establishing VET policy directions after the COVID-19 crisis, setting policies that take into account changes in the labor market are required.

Recognizing that a crisis can accelerate change and innovation, the government should make use of the current crisis as an opportunity to dramatically transform VET programs beyond temporarily expanding existing programs. In terms of direction of change, it would be effective to adjust priorities of certain policy measures that have already been established in response to future labor market changes in line with the current circumstances rather than establishing a new direction.¹⁾ Among the already established policies, in order to effectively respond to COVID-19, the focus should be on expanded application of contactless training. According to 'The 3rd Vocational Education and Training Basic Plan for Innovative and Inclusive Growth' by the Ministry of Employment and Labor in 2017, detailed plans such as building a smart VET platform, developing and distributing virtual training contents and upgrading integrated training information systems have already been established and are partially being implemented. Given the drastically increased demand for a smart VET ecosystem, especially for contact-free training, compared to when the Basic Plan was established, it is necessary for the government to significantly reduce the time required to build the ecosystem through intensive investment and efforts.

In order to meet the short to long-term demand for contact-less training, the education technology (EdTech) industry (or e-learning industry)²⁾ must be developed in parallel. According to 2017 data from the Ministry of Trade, Industry and Energy (MOTIE) and the National IT Industry Promotion Agency (NIPA), while the global EdTech market grew at an annual average rate of 12%, the domestic EdTech industry grew only 0.3% year-on-year. The main business areas of domestic EdTech firms are limited to foreign language, mathematics, coding, early childhood, educational support services, social services, contents, etc., therefore making it difficult for these companies to gain a competitive edge against global EdTech companies that provide a wider range of training. In addition, according to the 2018 survey results on e-learning industry conducted by the MOTIE and the NIPA, respondents cited "low earnings rate and low margins" as the number one management difficulty they faced, followed by "securing and managing the needed manpower." Those responses can be explained by the fact that the percentage of e-learning firms with sales less than 1 billion won accounts for 76.4%, reflecting the overall dominance of small companies. In the short-term growth of the EdTech industry should be encouraged through the expansion of government demand and pursuing regulatory innovation. As part of the mid-long term plan, government policies should focus on enhancing competitiveness of the industry by providing assistance with international expansion, establishing a system for training and supplying professionals and offering support for technology innovation and R&D activities.

In addition, the government's support program for

1) The Ministry of Employment and Labor has already established the basic direction and specific strategies in order to respond to environment changes in the future labor market in 'The 3rd Vocational Education and Training Basic Plan for Innovative and Inclusive Growth' on 20th, December 2017 and is currently in the process of implementing these plans. The basic plan sets two strategic goals in order to enhance adaptability and employment possibilities from changes in the labor market from the 4th industrial revolution and the aging society. One of those goals is innovation of the VET system in to respond to the 4th revolution and the other is to initiate national-wide VET for integration and inclusion. In order to achieve these strategic goals, The 4 challenges are ① VET for the 4th revolution ② VET for inclusion and social integration, ③ establishment of lifelong vocational competency development ④ innovation of VET infrastructure and governance. Each of these areas consists of 16 implementing challenges.

2) In the case of the domestic market, the 'contactless education training industry' is not the official jargon, and is categorized as part of the 'e-learning industry'. The 'e-learning industry' and 'EdTech Industry' are used in conjunction.

remote VET needs to be thoroughly reviewed. It can be assessed as the government's existing support program contributing to the development of e-learning systems to a certain extent. However, while the current government program carries out an evaluation of the remote training contents to maintain the quality of training, it stipulates only the minimum requirements, with little or no incentive for firms to develop more creative, high-quality e-learning training contents. Therefore, personal incentives to develop more creative training contents are discouraged. Currently one of the most pressing VET policy challenges at this stage is for the government to encourage the development of more creative training contents by improving its support system, which will strengthen the competitiveness of the e-learning industry.

In addition attention should be paid to training of incumbent workers. Some of the current changes in the labor market which were inevitably caused by the current pandemic resemble the changes that have been predicted 10 years ago. For example, the spread of flexible working arrangements such as remote work, routinization of non-face-to-face working, proliferation of platform labor, and the resulting expansion of blind spots of employment security net are changes that are occurring in reality that had been predicted to take place when the fourth industrial revolution starts to take hold.

Such changes in the labor market pose a number of challenges to VET policies for incumbent workers. The first question raised is how to increase the training operation in the short term which has dramatically slowed since the onset of the pandemic back to pre-COVID-19 levels. The second more fundamental question is whether the existing consistency of the government's support systems for employer-led VET and the labor market can be maintained if the current changes become permanently rooted. As shown earlier by the statistics on domestic VET, there has been a rapid increase in the number of cancelled VET courses for incumbent workers. In the short-term, nor-

malizing operation of VET programs will depend on the following important variables: the capability of training institutions to provide contact-less training courses in the, the progress of the ongoing infectious disease, and the sustainability of companies to survive during the pandemic. Among these variables, the government has influence over improving the overall situation such as expanding the scope of recognition to include contactless training in the existing VET programs; helping training institutions to strengthen their contactless training capabilities; providing support for virtual training using AR and VR in the case of on-the-job training where contactless training is not possible; and improving efforts to ensure prevention of the infectious disease.

In the current situation, it can be judged that the government should put extra efforts into resolving structural problems, especially in areas with long-standing problems that have accumulated over the years. From this perspective, it would be necessary to focus on building a VET support system designed to support innovative growth of SMEs based on technological capacity and skills. Such policy directions are desirable in two aspects. One is that the current COVID-19 pandemic has somewhat eased the "corporate burden associated with time out of the office" which has been pointed out as a reason for avoiding provision of training in SMEs. The other aspect is that the accumulation of technological capabilities and skills are necessary for SMEs if they are to restore competitiveness quickly after COVID-19. To this end, policies that incentivize learning organizations and reforming shiftwork systems along with expanded support for long-term paid leave provided to technical personnel are required.

The current pandemic is accelerating the industrial restructuring process that has been in progress a long time ago. VET is an important policy tool that reduce frictional unemployment and improve industrial competitiveness during the industrial restructuring process. Therefore in the current situation, the government needs to concen-

trate policy capacity on building retraining for job transfer systems. It will also be an important policy challenge to monitor in real time the supply and demand of manpower depending on the industrial fluctuations, and to develop and distribute VET programs customized for occupations that workers would like to transfer to. If it is difficult to monitor the supply and demand of manpower in real-time for all industries, it would be necessary to build such a monitoring system at least for certain industries with severe industrial fluctuations (such as shipbuilding, IT and tourism) in the near future. The supply and demand status of personnel for these industries should be categorized and monitored by job type, and utilizing the already-developed NCS (National Competency Standards) for monitoring although insufficient, can be effective in improving training quality. It is also possible to actively review the existing industrial/regional Human Resource Development Committees to play a pivotal role in identifying the training demand by industry and by region under the current crisis.

The role of training for the unemployed has become important with the drastically increasing unemployment rate amid the current pandemic. In particular, the youth unemployment issue is expected to become more serious for the time being as almost all new hiring is on hold. While it is true that, compared to the time of the 1997 Asian Financial Crisis when there was massive unemployment, the country now has an expanded training supply capacity and offer more diversified government support programs such as the Work-Learning Dual System and the Employment Success Package Program, it is still challenging to address the youth unemployment problem solely through VET policies.

With a drastic reduction in new employment, considering the sustainability of national competitiveness, making sure that the competitiveness of young human resources are uncompromised is an important policy challenge.

Given the low demand for manpower in private com-

panies, it is necessary for public institutions and booming large corporations to show social responsibility. Temporary measures such as expanding recruitment/experience internship programs and increasing job training for interns are required so that the youth can accumulate human capital during the crisis. Furthermore, in order to ensure the sustainability of the Work-Learning Dual System which has positioned itself as a major policy tool for VET for young people, it would be necessary to temporarily ease eligibility conditions for learning companies, expand the scope where contactless training is allowed, and lower performance goals.

IV. Conclusion

With the COVID-19 disaster, the labor market is experiencing a series of inevitable changes. However such changes in the labor market have already been predicted to take place in the future in a similar aspect regardless of COVID-19. Fortunately since Korea has accumulated a world-class level IT capacity and equipped with infrastructure compared to other countries, it can respond flexibly to the disaster.

It is especially important to make the most of this advantage in the field of VET. Even though employment security is the most urgent concern, considering the need to enhance national competitiveness in the post COVID-19 era, it is crucial to balance between job retention and government support for VET programs aimed at strengthening the competitiveness of businesses and workers.

Switching to contactless VET is necessary not only to ensure prevention of COVID-19 infection but also to strengthen the national competitiveness in the VET field. In pursuing such digital transformation in a prompt and comprehensive way, building hardware and securing training contents are emerging as immediate challenges. In addition, it is also a major policy challenge to expand

IT education to all citizens so that everyone will be able to adapt in the new era of digital transformation.

As the target and training demand of VET policies become more diversified, the existing approach of govern-

ment-led policy execution is expected to reach the limit. Therefore creativity of the private sector and active contribution of the local and industrial sectors are required more than ever.

References

- Jointly Prepared by Related Government Ministries (2020.4.22), "The Measures for Employment and Business Stabilization to Overcome Job Crisis".
- Korean Skills Quality Authority (2020.5), Internal Data.
- The Ministry of Employment and Labor (2017.12.20), "The 3rd Basic Plan of Vocational Education and Training for Innovation and Inclusive Growth".
- The Ministry of Trade, Industry and Energy and the National IT Industry Promotion Agency (NIPA) (2018), "Survey on the Current Status of E-learning".