
Policy and Measures for Youth Employment and Human Resources
Development in Asia - The Republic of KOREA

Director General, Employment Policy Bureau, Labour of Korea
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Mr. Hidehisa Otsuji, Minister of Health, Labor, and Welfare of Japan,
Mr. Juan Somavia, Director-General of the ILO,
Distinguished delegates, and
Distinguished guests, attending the ILO/Japan Youth Employment Symposium!

I would like to express my deep appreciation to the Japanese Government and ILO representatives for their dedicated efforts to prepare for this symposium.

I am particularly pleased and thankful for the opportunity to introduce Korea's youth employment policies.

Mr. Chairman, and distinguished guests!

The theme of this symposium, "Symposium on Globalization and the Future of Youth in Asia", represents a challenge we have to overcome through concerted efforts of Asian countries as well as the entire international community.

As the concept of national boundary becomes blurred, competition is becoming fiercer in every facet of our society, and the market is compelling all members of society to change for their own survival.

Globalization and competition may bring material abundance to mankind by enhancing economic efficiency. However, globalization, emphasizing efficiency only, would end up benefiting certain classes, and fail to improve quality of life for all.

Particularly, globalization may have greater impact on youths trying to enter the labor market for the first time after graduation. Youths would fail to find their place in fierce competition, due to lack of vocational ability and labor market information.

This is why we need to tackle the problems of globalization and issues related to youth employment at the same time.

The impact of globalization takes various forms not only within a country, but among different countries. This can especially be true for Asia composed of countries with distinct diversity.

Now, I would like to introduce Korea's experience, hoping that Korea's case can be helpful in making the globalization process bring prosperity and well-being in Asia.

Distinguished guests,

Since the 1960s, Korea's labor market remained fairly stable in the midst of rapid economic growth. With the implementation of export-driven growth strategy at the time, the key industry sectors experienced labor shortages. Naturally, the employment policy concentrated on training and supplying skilled worker.

Since late 1997, Korea's labor market started to undergo huge changes in both quantity and quality. The financial crisis that hit Korea and other Asian countries in 1997 forced the Korean economy to transform itself.

All sectors, public and private, had to undergo restructuring in order to survive in the market. During that process, numerous insolvent companies were forced to exit the market.

The restructuring efforts and exit of insolvent companies led to reduction in annual hiring, which was compounded by reduced employment absorption capacity, making unemployment rate jump to 7% in 1998, from pre-crisis level of 2 ~ 3%.

The sudden deterioration of the labor market had the greatest impact on youths trying to find a job for the first time. The youth unemployment rate climbed to 12.2% in 1998, from 4.6% in 1996.

Faced with unprecedented massive unemployment, the Korean Government named itself as the 「 Anti-Unemployment Cabinet 」 , and exerted all-out efforts with all the people to overcome unemployment problems.

Short-term measures such as large-scale public works project, support for self-employed to start a small business, internship programs for youths, etc., were carried out to provide jobs to the unemployed.

Along with these short-term solutions, mid-to-long term measures were also implemented. They include creating jobs by fostering SMEs and venture companies, expanding social safety network such as expanding the coverage of employment insurance, building infrastructures

that stabilize employment, and strengthening vocational training.

Korean Government's response to unemployment, buoyed by the effects of continuous restructuring and reforming effort, played a key role in stabilizing the labor market by reducing the unemployment rate to 3% level.

Nevertheless, the restructuring and reforms carried out in the private sector discouraged companies to hire more workers on a regular basis, and youth unemployment rate is still high recording 7% level, even when the overall labor market is being stabilized.

The most significant change that took place in Korea's youth labor market is reduced job openings for youths on demand side. Economic growth has slowed down, dropping to 3.1% in 2003 from 7% during the 1990s. And the capacity of creating employment is reduced due to the sophistication of industrial structure.

Major changes in terms of labor supply include big increases in the number of college graduates resulting from increased college enrollment rates. The college enrollment rate of high school graduates, which was only 33% in 1990, surged to 81% in 2004. In total, the number of college graduates has almost doubled during the period of 1985-2003.

Job preference among youths who tend to avoid difficult work is one of the causes of youth unemployment. The number of "decent jobs" such as those in large enterprises, financial institutions, public enterprises which college graduates prefer is dropping, while small and medium companies are suffering from labor shortages as youths are reluctant to work for these companies.

The employment support infrastructures, such as public employment service in charge of job placement, job counseling, and etc., remained weak. Another factor is lack of the system that provides information on job openings, industry-specific demands, and etc.

Acknowledging these causes for youth unemployment, the Korean Government has recently introduced various measures to tackle the issues.

Firstly, the Government is aiming to create more jobs through strengthening growth potential, and develop human resources qualified for industry needs by strengthening linkages between industry and academia.

The focus is also being placed on developing vocational ability and building infrastructures that secure employment stability, to enable smooth school-to-work transition.

However, it will require significant amount of time for us to witness tangible results of these long-term measures. That is why short-term measures to motivate youths to find a job and maintain their employability are being carried out hand in hand with the long-term measures.

Also, efforts to minimize elements of friction in the employment process include creating public sector jobs, providing various work experiences, and facilitating job placement.

The Korean Government is implementing the Work Experience Program as the major program for tackling youth unemployment. Through this program, youths in school can have the opportunity to work for a private company or a public organization.

Students participating in this program can enhance their understanding in various jobs and occupations, and choose the right jobs for themselves in the future. I believe that it is essential to provide work experiences to youths who naturally lack social experience and specific future plans.

We will establish a system in which all youths can receive phase-based vocational training and counseling, in order to enable youths to develop sound vocational mindset and job searching capability.

Vocational training and job counseling services should always be provided to youths at school. For youths neither at school nor at work, vocational ability development programs should be provided, to help them enter the labor market.

In particular, development of vocational ability of “youths at risk,” or youths that dropped out of school, will improve their labor market participation rate by helping them accumulate work experience.

In order to prevent “youths at risk” from being excluded from the economy and society, and to help them maintain stable jobs, life-long ability development opportunities should be offered to them.

Vocational ability development is required not only before entering the labor market, but after entry as well. With the emergence of globalization and rapid technological innovation, demand for workers with high skills and expertise is increasing. Meanwhile, the demand for unskilled workers for manual work is declining.

Furthermore, companies opting for flexible employment system are on the rise, as companies are trying to flexibly respond to changing business environment.

Against this background, developing vocational ability has become an important task to improve individual employability and productivity of companies, and to achieve social integration. Knowledge and technological gap among workers have emerged as a major factor causing inequality in the labor market.

This is why life-long learning system, which provides learning opportunities to anyone at any time and at any place, is strongly emphasized. Therefore, the Korean Government is planning to implement "life-long learning welfare system" which links learning, employment, and welfare.

Mr. Chairman, and distinguished guests!

I believe that this timely symposium holds its significance as a forum to discuss ways to respond to youth unemployment trend, which has emerged throughout Asia in the midst of globalization.

Recognizing the urgent nature of youth unemployment issues, the ILO will discuss youth unemployment during the 2005 International Labour Conference.

I am also looking forward to the 2005 ILO Asian Regional Meeting, which is to be held in Busan, Korea. The youth employment has been selected as a major agenda for the Meeting, allowing in-depth discussion on the matter.

The Korean Government sincerely hopes that the results of this symposium and upcoming events in 2005 will be an informative reference for the entire Asian region as well as for the member countries of the ILO.

I assure you that Korea will continue to be active in mutual cooperation.

Thank you for your undivided attention.

Policy and Measures for Youth Employment and Human Resources Development in Asia - INDONESIA

D.G. of Manpower Development and Domestic Placement,
Dep. of Manpower and Transmigration of Indonesia
Mr. Kirnadi

Mr. Chairman,
Distinguished Delegates,
Ladies and Gentlemen,

On behalf of the government of the Republic of Indonesia, I would like to express our gratitude to the Government of Japan for the warm reception and hospitality of being the host of this Symposium. In this opportunity, I would also like to express my profound gratitude to the International Labor Organization, the United Nations University, and the Ministry of Health, Labor and Welfare of Japan that prepared this important symposium to exchange the view of youth and Globalization. This symposium is very important, since we will discuss and share our experiences in dealing with the problems of youth employment.

The problem of youth employment is a serious issue leading to situations of social, economic, and security unbalance which causes eventual marginalization and exclusion amongst youth. Youth unemployment has other national and global impacts notably increased violence, crime and political instability. These problems causes concern and solutions need to be found by making comprehensive policies.

Based on the 2003 National Labor Force Survey, there are 9.5 million unemployed people in Indonesia, in which almost 60 percent of them are under 25 years old, even though this age group was composed by only 20 percent of the total labor force.

The majority of youth in Indonesia, most of them are females and who live in rural areas, have limited access to employment opportunities because of limited education, training, and experience. Furthermore, an average of 32.36 percent of employed youth is underemployed. This implies that they work less and do not earn sufficiently.

I will explain briefly the situation of youth employment and the challenges of being an unemployed and underemployed youth in Indonesia. At the end of presentation, a number of policies regarding action in support of youth employment will be briefly explain.

Youth Labor Market

A. Limited Employment Creation

The Indonesian economic development has recovered after experiencing recession and stagnation. The economic growth improved by 4.0 percent in 2003 and is expected to rise to 4.5 percent in 2004. With such an economic growth, employment creation, particularly in the formal sector, is very limited and not considerable enough to accommodate the increasing labor supply including youth labor. Those who cannot be employed in the formal sector have to continue being either unemployed or employed people in the informal sector that acts as the last resort.

The industrial structure of Indonesian employment has been changing profoundly and affects the youth employment. In the context of youth employment, it is no surprise that in most industries, the percentage of employed youth has been on the rise. Although most of youth work in the agriculture, manufacturing, and trade industries, however, there has been a decline in the proportion of youth who work in the agriculture and social service industries in the period 1990-2003.

The proportion of youth working in the agriculture industry is decreasing, from 55.2 percent in 1990 to 42.8 percent in 2003. The manufacturing sector marked as the second sector that is more likely to be occupied by youth and its proportion is increasing. With respect to residential areas, urban youth have a different pattern as compared to rural youth. Urban youth mostly work in the manufacturing and trade industries, while in the rural areas most of youth work in the agriculture industry.

B. Education Level

Most of the youth have either elementary or general junior high school degree, accounting for 66.8 percent in 2003. Although the total percentage of both degrees are almost the same compared to 1990, however the proportion of youth with elementary degree decline from 42.2 percent in 1990 to 30.0 percent in 2003.

C. Youth Population

The 2003 Labor Force Survey counts about 39.80 million people who are youth aged 15-24 years, where females account for 49.2 percent of total youth population and most of youth live in rural areas. This equates to 18.30 percent of the total population, which is slightly lower than the 21.60 percent record in the 1990.

D. Labor Force

Of a total population of 39.80 million youth in 2003, approximately 20.48 million are in the labor force, increased from 17.29 million in 1990. Youth labor force participation is around 51.5 percent in 2003 up from 50.93 percent in 1990, which is below the total labor force, 65.7

percent. The participation rates of youth in the 15-19 age group are lower than those in the 20-24 age group between 1990 and 2003.

In addition, youth participation in the 15-19 age group have a decreasing trend while those in the 20-24 age group have an increasing trend. In general, male youth have a higher participation rate than female youth.

E. Youth Employment to Population Ratio

The number of employed youth in the 15 to 24 years age group is 14.77 million in 2003 decrease by 1.13 million from 1990 with male and female employed youth having a decrease of 0.22 million and 0.91 million, respectively. The decrease of employment in the 15-24 age group can be accounted for by the decrease of the employment in the age group of 15-19. In addition, the ratio of youth to population has decreased from 46.86 percent in 1999 to 37.12 percent in 2003.

F. Youth unemployment

Unemployed youth form a large proportion of the total unemployed population. Of the 9.5 million unemployed people in 2003, about 5.7 million or almost 60 percent are of the aged 15 to 24 years, with the most being in the 20-24 age group.

In 2003, the youth unemployment rate is 27.88 percent compared to an overall unemployment rate of 9.50 percent, almost three times the national rate. Over all the unemployment rates are higher for females than for males.

G. Underemployment

The underemployed youth constitute an estimated 4.78 million or almost 16.80 percent of the total underemployed people in 2003, decreased by 2.06 million compared to 1990. This decline is mostly accounted for by the decrease of youth in the 15-19 age group from 3.81 million in 1990 to 1.87 million 2003. Among underemployed youth, male and female account for 56.70 percent and 43.30 percent, respectively in 2003.

H. Duration of Youth Unemployment

The job search strategies of youth job seekers vary according to age group, suggesting a certain degree of labor market segmentation. The mean job search duration for youth job seekers, aged 15-24 years, is about seven months in 2003 decrease from nine months in 1990.

Youth Employment Policies

The role of young people in Indonesia's development is considered strategic by the government. This important issue has long been concerned and stated in the national policies that consider youth as one of the nation's resources of development that needs to be taken care

of.

Efforts and measures in developing youth require attention and should be properly handled by making comprehensive employment strategies and programs which is principally aimed to:

1. Employ and utilize youth optimally and humanly,
2. Accomplish an even distribution of youth employment creation,
3. Provide labor protection for youth,
4. Increase the welfare of youth labor.

The strategies to overcome the unemployment youth can be broadly categorized into supply-side-oriented and demand-side-oriented approaches that associated with employability, entrepreneurship, employment creation, and equal opportunities that are closely interlink.

Based on those policies on combating youth unemployment, the Government of Indonesia has carried out efforts to set up action-programs. Most of the programs involve various stakeholders including the government, private sector, non-government organization, and other concerned parties.

Below are some of the programs that have been done:

1. Indonesian Youth Employment Network

In order to coordinate and harmonize all youth policies and programs, the Government of Indonesia has already set up Indonesia Youth Employment Network (Indonesian YEN). This is aimed to set up networks, national action plan, and partnerships among governments, employers' organizations, trade unions, youth organizations and other civil society groups to pool efforts and resources in alleviating youth unemployment.

2. Training Development

The problem of unemployment is partly attributable to the fact that education systems often offer curricula that are not related to the world of work.

A vast variety of training programs have been developed to increase the work competency of youth that can be used in the labor market. This involves the development program of a national professional qualification framework. Such programs have been carried out by Department of Manpower and Transmigration and other institutions. Some training that has been carried out is as follows:

- a. A variety of training such as mechanic, automotive, welding, electric, and commerce that offer by vocational training center. The government currently operates about 153 vocational training centers located in all provincial and most of district capital, including six big vocational training centers under the management of central government.
- b. Training to become self-employed, usually involving a combination of training in business

methods, facilitated access to credit or grants and access to work space.

c. Training to become entrepreneurship that involves the development of entrepreneurial talent which is important to sustaining a competitive advantage in a global economy.

3. Expansion of job opportunities

Program of job creation are also carried out through special programs for a certain group of the labor force such as the unemployed and underemployed youth in rural areas that are designed not only to reduce youth unemployment but also to create permanent jobs. The program is implemented through labor intensive project that are mostly tied to district development programs.

Program measures are also made to develop job creation through the utilization of volunteer workers. Youth are mobilized to become volunteer workers to work side by side with young people that they guide, supervise, and be trained to be self employed.

4. Development of Public Employment Service

One of the main problems of labor market with respect to unemployment is imperfect information causing frictional unemployment. The effort in strengthening employment service is seen as a key instrument in addressing the youth unemployment problems of the labor market. Establishing the Indonesian-Jobnet, an automated job and applicant matching system as an employment service online, is one of our priorities.

5. Job Fair

The Department of Manpower and Transmigration has carried out a National Job Fair last May 2004 that brought together prospective employers with prospective employees, particularly youth job seekers. This job fair will be expanded in December 2004 with the collaboration between the central government and several provinces government to carry out job fair in their area at the same time.

6. Strengthening Career Guidance At Schools

The Department of Manpower and Transmigration and Department of National Education support career guidance teachers and counselors in secondary schools. The efforts are made to improve knowledge of new entrant or student the principles of labor market and to facilitate the transition from educational system to the work world prior to their employment.

These are several major features of youth employment and labor policies provided by the Indonesian government. We hope that this presentation will help you understand better the perspective towards youth labor market issues in Indonesia.

Thank you.

Policy and Measures for Youth Employment and Human Resources Development in Asia - The comment from participating countries

Following countries made remarks on the actual situations of young workers and policy and measures for the youth employment of their own country. (For details, please refer to the country reports, which are compiled into a separate volume.)

Vietnam, China, Malaysia, Singapore, Pakistan, Bangladesh,
Thailand, Sri Lanka, Brunei