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Good practices in using
partnerships for effective
and efficient delivery
of employment services
in South Korea

Kang-Sung Lee

Employment
and Labour
Market Policies
Branch



International
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Kang-Sung Lee

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Preface

The primary goal of the ILO is to work with member States towards achieving full and productive employment and decent work for all. This goal is elaborated in the ILO Declaration 2008 on Social Justice for a Fair Globalization which has been widely adopted by the international community. Comprehensive and integrated perspectives to achieve this goal are embedded in the Employment Policy Convention of 1964 (No. 122), the Global Employment Agenda (2003) and – in response to the 2008 global economic crisis – the Global Jobs Pact (2009) and the conclusions of the Recurrent Discussion Reports on Employment (2010 and 2014).

The Employment Policy Department (EMPLOYMENT) is engaged in global advocacy and in supporting member States in placing more and better jobs at the centre of economic and social policies and growth and development strategies. Policy research and knowledge generation and dissemination are essential components of the Employment Policy Department's activities. The resulting publications include books, country policy reviews, policy and research briefs, and working papers.

The Employment Policy Working Paper series is designed to disseminate the main findings of research on a broad range of topics undertaken by the branches of the Department. The working papers are intended to encourage the exchange of ideas and to stimulate debate. The views expressed within them are the responsibility of the authors and do not necessarily represent those of the ILO.

Azita Berar Awad
Director
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Foreword

The global economic and financial crisis and its aftermath increased the quest for advanced countries to deliver more and better services tailored to individual labour market participants at lower or the same costs. The austerity measures adopted after the climax of the crisis in 2009 led to significant budgetary cuts to public employment services and the delivery of active labour market policies in general. As more and more people, particularly young people, became jobless and their demands increased, the search for the twin objectives of efficiency and effectiveness became more apparent among advanced countries' public employment services (PES), as evidenced by the discussions in forums such as the Heads of PES, now the European Network of Public Employment Services (ENPES). Partnerships between PES and other non-public providers became an important avenue for delivery of better services at lower unit costs.

The crisis, however, was not the only reason behind the renewed interest in efficiency and effectiveness and the shift to partnerships as a mode of service delivery. The rapid labour market changes, propelled by, among other things, globalization and technological changes, leading to changes in the organization of production and work, revealed the importance of other players in the labour market to increase efficiency. This was buttressed by the break in the monopoly of publicly owned employment services in the provision of employment services and active labour market policies (ALMPs) backed by the adoption of the Private Employment Services Convention, 1997 (No. 181) and the recognition of the important role private actors can play in well-functioning labour markets.

This study was commissioned to contribute to the debate regarding the role of partnerships in promoting more efficiency in and effectiveness of employment services and ALMPs. In addition to reviewing literature at the global level, the study sought to fill knowledge gaps in developing and emerging countries, with a bias towards the BRICS. Five country studies were commissioned, covering the People's Republic of China, Colombia, India, the Republic of Korea (South Korea) and the Russian Federation. This study on South Korea, included because of the country's outstanding history of rapid development, provides a wealth of knowledge on various important subjects, including the use of e-services, the developmental role of the State, policy coherence at all levels, performance management, the importance of an enabling legal framework, etc., which forms an invaluable reference for other countries.

Sukti Dasgupta
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The working paper was prepared under the coordination of Michael Mwasikakata, who also contributed to the drafting of the Executive Summary and Conclusion. Azita Berar Awad and Sukti Dasgupta provided overall guidance

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Executive Summary

This paper examines good practices in the use of partnerships for effective and efficient delivery of employment services and active labour market policies (ALMPs) in the context of the Republic of Korea (South Korea).

Part I provides the situation analysis and background information on South Korea with regard to economic development trends, employment services policy and the legal framework, as well as the structure, organizational and functional model of public employment services (PES) and the role of private employment services providers. The country has experienced rapid economic development since the 1960s, with GDP and employment generally showing an upward trend. Employment policies improved along with the economy, as the Government enacted legislation such as the Framework Act on Employment Policy, Employment Security Act and Employment Insurance Act. Such legislation led to not only more effective public employment services but also an improved regulatory framework for private employment agencies and non-profit organizations in the field of employment services. The PES offices initially lacked the resources and capacity to provide employment services directly, but, through many changes, such as the creation of Job Centers and their development, PES have improved over time. Thanks to the conducive legal framework, private employment agencies have flourished and form an important institutional framework for implementation of ALMPs.

The provision of employment services and ALMPs is rooted in the overall employment policy framework of the country, informing both its continuous development and its implementation. Guided by the Framework Act on Employment Policy, the Minister of Employment and Labour develops a five-year basic plan on employment policies that provides mid- and long-term goals, the direction of employment policies, etc., which cascades to provincial and local levels and informs the development of city and provincial basic employment plans and local job creation measures. In 2013, there was a landmark paradigm shift in the conception of the economic development framework when the Government adopted a policy goal to achieve a 70 per cent employment rate, making employment a central plank of economic and social policies. This further enhanced the role of employment services.

Part II explores the nature and types of partnerships in employment services and ALMPs in South Korea. The Government adopted a shared growth policy entailing active participation of all key stakeholders in the economy in the development of the country, which led to the enactment of the Framework Act on Employment Policy in 2005. Together with the Employment Security Act, non-public actors are allowed and encouraged to participate in the implementation of government employment policies, including employment services and ALMPs. Through a series of tables and commentary, the 27 partnerships among the Government and public and private organizations are classified according to numerous variables, such as contract relations, actors, nature of relationship, intensity of partnership and type of service. The analysis shows that the majority of partnerships are targeted at individual categories of vulnerable groups of people to ensure delivery of tailor-made services involving outsourcing contracts with private and third-sector organizations. The intensity of partnership is overwhelmingly coordination related, involving a complementary nature of relationship. Moreover, they tend to leverage the skills of different partners for increased efficiency and effectiveness, delivering a package of services to address multiple barriers. Part II also provides an overview of the system of performance management, monitoring and evaluation of partnerships. Partnerships are evaluated quantitatively by considering factors such as the numbers of jobseekers, employers seeking workers and participants placed in employment. Partnerships are evaluated qualitatively by observing customer satisfaction and level of cooperation with the Job Centers and by field assessment.

Part III examines four successful partnerships between the Government and various public and private employment services organizations—the Successful Employment Package, Employment Stepping Stone Program, Alternative Human Resources Bank and New Job Centers for Women. These partnerships were selected for discussion on the basis of the six characteristics of good practices in public/private cooperation in member countries of the European Union: (i) Clear mission and cooperation goals, (ii) Focus on employability, (iii) Provision of comprehensive services, (iv) Provision of financial incentives, (v) Measurement of results, and (vi) Embrace of continuous improvement (Kolektiv Ltd, 2014).

Each of these partnerships is examined in terms of its contract relations, the nature and type of the partnership, the performance management system and the particular characteristics and factors that contribute to its success. Through various methods, such as tailoring services to specific social groups, providing sufficient incentives and establishing competition among various employment services organizations, these four partnerships were able to be effective. All 27 partnerships are summarized in Appendix 1.

Introduction

Since the industrialization of South Korea, which began in the 1960s, the country made rapid economic progress and the characteristics of the labour market and government employment services policies constantly changed according to the level of economic development. In the beginning stages of industrialization, from 1961 to 1972, the demand for labour increased dramatically due to the vast economic growth and expansion of modern industries. Hence, the unemployment rate decreased to about 4 per cent and the labour market quickly improved within a short time. During this period, employment services revolved around the Government's public employment services (PES). However, there was a scarcity of PES institutions and employees, and the operation of such organizations was inefficient. Furthermore, the Job Security Act of 1961, which prohibited unauthorized private employment agencies (PrEAs), such as fee-based job-matching service companies, was strictly enforced.

In the middle stage of industrialization (1972–1979), acquiring skilled workers became a central issue as major improvements in economies of scale and transformation of the production structure took place. Thus, the Government's labour market policies focused on solving the imbalance in the supply and demand of such workers. The Government also created the Central Job Security Office, which offered job-matching services in cooperation with local offices of the Ministry of Employment and Labor (MoEL), in Seoul and in regional offices in the nine provinces, and installed job security departments in all the local offices of the MoEL. The Government made an effort to ensure that the public agencies were the main job-matching agents and minimized the role of PrEAs. However, the Government's employment services were still inefficient and ineffective, as only 20 per cent of jobseekers used them.

From the late 1980s, the advancement of industrialization led to a huge shortage in labour supply. Yet only a small number of jobseekers sought the services of PES institutions due to their ineffectiveness. Thus, in the mid-1990s, the Government made a series of changes to the job security laws and lessened the regulations concerning PrEAs.

As the unemployment rate suddenly increased after the financial crisis in 1998, the Government combined the Employment Insurance and Job Security departments within the MoEL and established Job Centers, which carried out job-matching, employment insurance and vocational training services on a single site. In addition, the Government contracted out the Central Employment Information Center to private institutions, to provide job guidance and employment information and manage employment insurance and the employment-related computer network.

In 2006, to actively respond to the demand of diverse employment services for programmes targeted to various specific social groups, and to integrate employment-related computer networks, the Government transformed the Central Employment Information Center into the Korea Employment Information Service under the MoEL. Moreover, the Government established WorkNet, an online information network for hiring companies and jobseekers, which systematically analyses a range of labour market information. WorkNet allowed non-profit PrEAs and vocational training institutions to connect online, which led to more effective job-matching services. The Government also deregulated PrEAs to give them more freedom in their functions and management, and the number of PrEAs increased as a result.

Recently, the increased deregulation of the PrEA market and the outsourcing of PES to private organizations have initiated discussions on how to redefine the roles of and relationships between public and private services to build an effective employment service system (Oh et al., 2013).

Purpose of the study and research methodology

As a part of the International Labour Office (ILO)'s global study on good practices in using partnerships for effective and efficient delivery of employment services, this research aims to analyse the characteristics of South Korea's labour market and employment service policies, introduce a number of public and private partnerships for effective employment services and discuss their implications.

To achieve this goal, first, a literature review was conducted, focusing on South Korea's current employment structure and policies, the state of the public and private employment services, and the types, characteristics and performance management systems of the partnerships between public and private services.

Second, this research examined the factors contributing to the success of four representative public and private service partnerships, namely, the Successful Employment Package, Employment Stepping Stone Program, Youth Employment Internship Program and New Job Centers for Women, and the implications of their success for the future.

Third, focus group interviews were conducted with a policy representative of MoEL, leading labour policy researchers, Job Center employees and representatives of the four focal partnership programmes, to examine the structure, budget, service delivery system and training for PES experts and the key factors contributing to the success of the four focal programmes.

PART I: SITUATION ANALYSIS AND BACKGROUND INFORMATION

1.1 The economic and employment situation

1.1.1 Trends in economic growth and development

Since the early 1960s, South Korea has executed a government-led export-based development strategy as a part of its economic development plan. The Government fostered development by focusing on light industries in the 1960s, heavy chemical industries in the 1970s and high-tech industries such as semiconductors, and information and communications technology after the 1980s.

South Korea experienced two major economic crises in recent history. In 1998, after it was bailed out by the International Monetary Fund (IMF) due to a liquidity crisis, the country went through a period of drastic economic restructuring. It recorded an economic “growth” of -5.5 per cent in that year. In 2008, when the world was experiencing an economic crisis, South Korea’s economic growth was 2.3 per cent. Table 1.1. demonstrates fluctuations in GDP over a 50-year period.

Table 1.1 GDP growth, selected years 1965–2015 (per cent)

1965	1970	1975	1980	1985	1990	1995	2000	2005	2010	2015
7.2	10.0	7.9	-1.7	7.7	9.8	9.6	8.9	3.9	6.5	2.6

Source: Bank of Korea, *National Income in Korea*.

Apart from during the crises of 1998 and 2008, South Korea maintained rapid growth until the late 1990s, but the growth level has since levelled off. The average growth rate was 7.1 per cent in the 1970s and 9.0 per cent in the 1980s, but dropped to 7.2 per cent in the 1990s and 4.6 per cent in the 2000s. Since 2010, the growth rate has been around 3 per cent. On the other hand, GDP per capita has increased rapidly from US\$105.13 in 1965 to \$27,226 in 2015.

The value of South Korea’s trade increased from \$600 million in 1965 to \$963.3 billion in 2015—more than 1,600 fold. In 2011, South Korea achieved a trade value of \$1,000 billion, ranking ninth in the world. When the cold war system broke down in the late 1980s and economic factors began to play a larger role in international relations, South Korea needed to form partnerships with member countries of the Organisation for Economic Co-operation and Development (OECD) and secure its place in the international realm. Thus, on 12 December 1996, the Republic of Korea became the 29th country to join the OECD. In addition, it joined the “20–50 club” in June 2012, having maintained GDP per capita above \$20,000 with a population of more than 50 million.

Table 1.2 GNP per capita and trade value, selected years 1980–2015

	1980	1985	1990	1995	2000	2005	2010	2015
GNP per capita (\$)	1 778.48	2 457.69	6 513.16	12 340.03	11 946.77	18 657.52	22 151.21	27 226.00
Trade value (\$billion)	398	614	134.9	260.2	332.7	545.6	891.6	963.3

1.1.2 Trends in employment and unemployment

(a) Structural change in employment

South Korea was a typical agricultural nation in 1965. Agriculture, forestry and fishing made up 58.5 per cent of total employment, social overhead capital and the service industry 31.2 per cent and mining and manufacturing 10.4 per cent (table 1.3). From the 1960s to the early 1980s, the Government continually pursued five-year economic development plans, using government funds and foreign loans to actively develop heavy and chemical industries, such as shipbuilding, iron and steel, oil refining, petrochemicals, textiles, machinery and electronics. As a result, in 1990, the mining and manufacturing industries made up 27.5 per cent of total employment. As of 2015, agriculture, forestry and fishery made up 5.2 per cent, mining and manufacturing 17.4 per cent and social overhead capital and the service industry 77.5 per cent of total employment.

Table 1.3 Employment trends and share, by sector, selected years 1965–2015

Sector	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010	2015
Agriculture, forestry and fishery	4 742 (58.5)	4 846 (50.4)	5 339 (45.7)	4 654 (34.0)	3 733 (24.9)	3 237 (17.9)	2 403 (11.8)	2 243 (10.6)	1 813 (7.9)	1 566 (6.6)	1 345 (5.2)
Mining and manufacturing	840 (10.4)	1 377 (14.3)	2 235 (19.1)	3 079 (22.5)	3 659 (24.4)	4 990 (27.6)	4 844 (23.7)	4 311 (20.4)	4 146 (18.1)	4 049 (17.0)	4 500 (17.4)
Social overhead capital and service industry	2 530 (31.2)	3 395 (35.3)	4 118 (35.2)	5 951 (43.5)	7 578 (50.6)	9 858 (54.5)	13 168 (64.5)	14 602 (69.0)	16 897 (73.9)	18 214 (76.4)	20 092 (77.5)
Total	8 112 (100.0)	9 617 (100.0)	11 691 (100.0)	13 683 (100.0)	14 970 (100.0)	18 085 (100.0)	20 414 (100.0)	21 156 (100.0)	22 856 (100.0)	23 829 (100.0)	25 936 (100.0)

(b) Employment and unemployment rates

South Korea's employment rate increased consistently, from 52.8 per cent in 1965 to 60.3 per cent in 2015. However, there have been huge disparities in employment rates according to different gender and age groups. The employment rate of men has consistently been around 70 per cent, while that of women has been about half that of men and peaked at about 50 per cent in 2015. The biggest factor contributing to the gender disparity in employment relates to marriage and child-rearing. Men and women now have similar levels of educational attainment (as of 2010, 63 per cent of both women and men aged 25–34 years had completed tertiary education), but the gender gap in the employment rate increases drastically from the age when women tend to get married (in 2014, the average age of marriage for women was 29.6 years) (figure 1.1). To address this gender gap, the Government has carried out multiple initiatives specifically tailored to women, such as the Alternative Human Resource Bank, which recommends appropriate candidates to companies anticipating employees to be on leave for reasons such as childbirth and child-rearing, and New Job Centers for Women, which helps women who have left their jobs find re-employment.

Figure 1.1 Cohort employment rate, 2013, by sex



Source: OECD, cited by Kim, Lee and Shin, 2016, p. 5.

The young and elderly generations have lower employment rates than the middle-aged. Yet, while the employment rate of people in their 20s has not improved in recent decades, that of people in their 50s or older has risen. The reason is that, once people in their 50s retire from their main jobs, they actively work in part-time jobs or in positions that only require simple labour. On the other hand, the reason the employment rate for people in their 20s has not improved is a mismatch in the labour market due to the high number of people going to college. In 1990, 33.2 per cent of high school graduates went on to college, but that number had increased to 70.8 per cent in 2015. People in their 20s in general tend to avoid working in small and medium-sized enterprises (SMEs) that have lower salaries and compensation, and they also avoid 3D (dirty, dangerous and demeaning) jobs.

Table 1.4 Employment rates, selected years 1980–2015 (per cent)

Category	1980	1985	1990	1995	2000	2005	2010	2015
Total	55.9	54.3	58.6	60.6	58.5	59.7	58.7	60.3
Male	71.7	68.7	71.8	74.6	70.7	71.6	70.1	73.9
Female	41.3	40.9	46.2	47.6	47.0	48.4	47.8	53.1
Age 15–19	26.6	15.6	13.2	11.0	10.3	8.0	6.1	7.9
Age 20–29	58.0	56.7	62.1	63.5	60.1	61.2	58.2	57.9
Age 30–39	70.0	70.6	74.4	74.6	72.5	72.3	72.0	74.2
Age 40–49	74.0	74.8	77.8	79.1	76.4	77.1	77.8	79.1
Age 50–59	65.4	64.7	71.6	71.2	66.5	68.1	70.9	74.4
Age 60–	28.1	29.2	35.5	38.7	37.7	36.9	36.0	38.9

Source: Statistics Korea, Economic Activity Population Survey.

South Korea's unemployment rate decreased consistently, from 7.3 per cent in 1965 to 2.1 per cent in 1995, but it rose to 3.6 per cent in 2015. As mentioned earlier, the country suffered from a big economic crisis in 1997 that led to mass unemployment. Due to economic restructuring after the IMF bailout, the unemployment rate increased drastically, from 2.6 per cent (568,000 people) in 1997 to 7.0 per cent (1,490,000 people) in 1998.

The unemployment rate also varies according to gender and age group (table 1.5). In the first stages of economic development there was a large gender gap in the unemployment rate, but the rate was about the same for men and women in 2015. In 1980, the unemployment rate was 6.2 per cent for men and 3.5 per cent for women; in 2015, it was 3.5 per cent for men and 3.7 per cent for women. The unemployment rate of people in their 20s has consistently been higher than that of other groups (apart from 15–19-year-olds), and reduces sharply for people in their 30s.

Table 1.5 Trends in unemployment rate, selected years 1980–2015 (per cent)

Category	1980	1985	1990	1995	2000	2005	2010	2015
Total	5.2	4.0	2.4	2.1	4.4	3.7	3.7	3.6
Male	6.2	5.0	2.9	2.3	5.0	4.0	4.0	3.7
Female	3.5	2.4	1.8	1.7	3.6	3.4	3.3	3.6
Age 15–19	13.3	11.1	9.2	9.3	14.5	12.5	11.9	10.6
Age 20–29	8.1	7.1	4.9	5.4	7.5	7.7	7.8	9.1
Age 30–39	3.8	2.8	1.6	1.6	3.6	3.3	3.5	3.1
Age 40–49	2.9	2.3	1.2	1.3	3.5	2.5	2.5	2.3
Age 50–59	2.5	1.6	1.1	0.8	3.2	2.5	2.5	2.4
Age 60–	0.6	0.3	0.4	0.3	1.5	1.3	2.8	2.5

Source: Statistics Korea, Economic Activity Population Survey.

1.1.3 The policy and regulatory framework for public employment services

Legal framework

The public employment service (PES) legislation in South Korea includes the Framework Act on Employment Policy, Employment Security Act and Employment Insurance Act.¹

Around 1993, the unemployment rate in South Korea slowly increased, even though the economy was constantly developing. The reason was that there were imbalances in the labour market due to Korean workers avoiding 3D (dirty, difficult, dangerous) jobs and highly desiring employment in the service industry. In this context, the Government passed the Framework Act on Employment Policy (FAEP) in 1994, to address labour issues systematically by developing the capabilities of workers, protecting the employed and actively supporting employment policies.

Article 1 of the FAEP states that its purpose is to allow citizens to reach their full potential through the establishment and implementation of employment policies and to assist in the balanced growth of the economic/social status of the workers and the national economy by promoting efficient growth of the labour market. The Act provides comprehensive regulations concerning job-matching, vocational training, gathering and disseminating employment information, employment management within companies, job security and the establishment of PES institutions and the Korea Employment Information Service. It also stipulates the duties of the central government to provide such employment services and establish and manage employment security offices by region for more effective local employment services.

The Framework Act on Employment Policy thus sets the legal framework for the architecture of the broad employment policy in South Korea. It also assigns responsibilities and duties to various dutyholders and stakeholders with regard to skills development and utilization, as well as in the creation of productive employment opportunities. For example, it is the duty and responsibility of a worker to choose an occupation that is best suited to development of his or her career and to constant self-development, while it is the duty of an employer to train the workforce needed for its business, provide the workforce with equal opportunities and promote employment security. Employers, trade unions and workers are expected to cooperate to ensure that workers access productive and quality employment through the implementation of state-led labour market policies. State and local governments are mandated to formulate and implement policies relating to ensuring sound labour market information flow and dissemination, skills development and training, vocational guidance, job placement and other employment services, ensuring that those located far from the labour market are catered for through special measures, to prevent unemployment and promote employment security, equality of opportunities, and so on.

At the state level, the Minister of Employment and Labor is required to establish a five-year basic plan on employment policies that provides mid- and long-term goals, the direction of employment policies, economic and social trends and employment trends, as well as the application of the employment policies mentioned above. The Minister sets the basic plan through consultations with the heads of relevant central government agencies. This basic employment policies plan cascades to provincial and local levels and informs the development of city and provincial basic employment plans and local job creation measures.

¹ See: www.moleg.go.kr/english/korLawEng.

This system of employment policy-making from the federal to local levels is supported by an equally elaborate institutional framework comprising, at the national level, a tripartite-plus Employment Policy Council charged with deliberating on broad employment and labour policy matters, employment security offices in all regions to implement employment policies and provide (public) employment services to employers and workers, private sector participation in the provision of employment services, the Korea Employment Information Service and Korea Job World, among others. It can be argued, therefore, that in South Korea employment services are part of a comprehensive employment policy framework, informing both its continuous development and its implementation.

The purpose of the Employment Security Act is to promote balanced growth of the national economy and job security, by helping provide job opportunities for workers in which they can fully develop and exercise their skills and supplying employers with suitable employees. The Employment Security Act provides regulations regarding job-matching, vocational training, dissemination of labour market information and other employment services. Deriving from the spirit of the FAEP, the Act provides that implementation of employment policies and employment services can be entrusted to any eligible institution, including those providing free job placement services (e.g. Job Centers) and fee-charging placement services (for-profit private agencies), as well as those providing information services, whether free or on a fee-paying basis. Other professional institutions, as prescribed by a presidential decree, may also operate employment service businesses. The expenses incurred in the provision of employment services as described above are to be financed from the general government account or the Employment Insurance Fund. The Act allows local governments to provide domestic job placement services where they are deemed necessary. As a measure of promoting efficiency in the provision of employment services, the Minister of Employment and Labour may assign private counsellors/advisers to an employment security office (Job Center) and may also certify a private employment agency as an “Outstanding Employment Service Agency”. Beneficiaries of such certification receive enhanced support from the Ministry, including preferential treatment in the award of outsourcing contracts for provision of employment services.

The Employment Insurance Act outlines eligibility requirements for unemployment benefits and provides regulations regarding employment services related to employment security businesses and occupational ability development. The Act stipulates in detail the employment security and skills development projects that the MoEL should implement to prevent unemployment and promote employment, including employment creation and adjustment programmes, local employment creation initiatives, targeted support for special groups such as the aged and construction workers, vocational skills development and training programmes provided by employers and other programmes and labour market information. In keeping with the principle of employment insurance, the unemployment benefits are divided into jobseeking benefits (which correspond to conventional unemployment benefits with necessary activation measures) and employment promotion allowances. The latter include an early re-employment allowance, vocational skills development allowance, wide-area jobseeking allowance and moving allowance.

To sum up the legal framework, the FAEP provides the institutional framework that sets the general direction for employment policies, and the Employment Security Act and the Employment Insurance Act provide regulations concerning PES and employment insurance respectively. The main law that regulates the employment services provided by employment centres in South Korea is the Employment Security Act, but the PES is closely related to employment insurance because the businesses concerned with employment services are supported by the Employment Insurance Fund.

The FAEP was amended multiple times and in 2009 the Government created a mandate to formulate a framework plan on employment policy, including local employment

framework plans on employment policy, every five years. The next section discusses the country's experience with the framework plan on employment.

Policy framework

Following amendment of the FAEP in 2009, in 2010 the Ministry of Labour was converted into the Ministry of Employment and Labour and was given the overall responsibility for managing employment policies in South Korea, including coordination with various central government agencies, local governments, the private sector and civil society.

A landmark paradigm shift in the employment policy framework occurred in 2013 when the Government of Park Geun-hye launched the "Roadmap to 70% Employment Rate". This represented the top policy goal of the Government and aimed at achieving an employment rate of 70 per cent through the cooperative work of 18 different government agencies. Notably, the main paradigm shift in approach to employment policies was that, for the first time, all policies (e.g. economic, industrial, educational, welfare) were reviewed from an employment perspective. This was to be achieved through implementation of four priority actions, namely: promotion of the creative economy through support to business start-ups and fostering innovative SMEs; creation of decent part-time jobs through reduction in working hours; promoting youth and women's employment through introduction of competency-based education and training and providing childcare services; and promoting social cohesion by strengthening economic actors' responsibilities and improving the quality of jobs.

In pursuance of the new policy framework, reforms were undertaken in skills development policy, notably by the introduction of national competency standards in key industries, establishment of industry skills councils and implementation of a dual work–study system. In addition, regional councils were established in 16 regions, comprising regional "captains of industry", local government representatives, employment offices and offices of education, to develop a work-ready workforce that meets the needs of local industry. Regarding employment services policy, the Government upheld and strengthened the decision taken in 2005 to place employment services at the top of the national agenda. The Job Centers, as key providers of employment services, were strengthened through reorganization, strengthening cooperation with other employment service providers and relevant organizations, and strengthening vocational and career counselling. Furthermore, to promote efficiency and convenience for clients, one-stop-shops known as welfare-plus centres were introduced in late 2013, with a target of establishing 40 such centres by the end of 2015.

At the macroeconomic level, key progress indicators changed accordingly, from growth rate to employment rate and from the focus on exports, manufacturing and large firms to domestic demand, services and SMEs. In what represents a new working culture, the new vision focuses on female, part-time work and work–life balance, as opposed to the old vision that focused on male employment, full-time work and long working hours.

1.2 Public employment services: Organization, governance and performance

1.2.1 *Organizational and functional model of public employment services*

Until the late 1990s, PES were mainly carried out through the departments or a branch of the local labour offices. Yet the main function of such PES offices was to oversee private agencies that provided job placement and vocational training for skilled workers, and the

PES offices lacked the ability to directly provide employment services. In other words, the capability of PES was extremely limited.

Restructuring occurred in the late 1990s, and PES is now managed by not only local government offices but also independent governmental organizations called Job Centers (Yang, 2015). The Job Centers were formed in the late 1990s after the Asian financial crisis, as part of the government plan to build infrastructure to stabilize employment.

South Korea's PES are currently administered, in the main, through the MoEL's 86 Job Centers. These provide services such as unemployment allowance distribution, vocational training and counselling and job-matching, as well as dissemination of information concerning job training through HRD-Net and job information through WorkNet. Basic employment services (vocational training, dissemination of job information, job-matching) are also provided by other departments of the central and local governments (table 1.6). For example, the Ministry of Gender Equality and Family established the New Job Center for Women to help women who had quit their previous jobs for childcare or other family-related reasons to re-enter the labour market.

Before 2010, there were many cases of service duplication due to the inadequate cooperation among related government departments, which led to ineffective job-matching services. Thus, in 2010 the Government sought to improve the efficiency of employment services by combining similar or duplicated services and focusing on helping disadvantaged social groups. In particular, in 2013, the Government decreased overlap of services by formulating a guideline for cooperation among the central and local governments, establishing a Job Gathering System—an online database that records how funds and services were allocated among various departments.

Specific information concerning the types of employment services offered by various departments of the government is given in Part II and Appendix 1.

Table 1.6 Public employment services institutions

Name	Law	No.	Service recipients
Job Center	Job Security Act	86	Jobseekers, companies seeking employees
New Job Centers for Women	Act on Promotion of Economic Activities of Career-interrupted Women	140	Career-interrupted women, employee seeking companies
Support Center for Veterans	Laws to support veterans	7	Veterans
Settlement Center for North Korean Defectors	Act on the Protection and Settlement Support of North Korean Defectors	28	North Korean defectors
Job Center (local government)	Framework Act on Employment Policy; Employment Security Act	234	Jobseekers, companies seeking employees

Source: Kim et al., 2015.

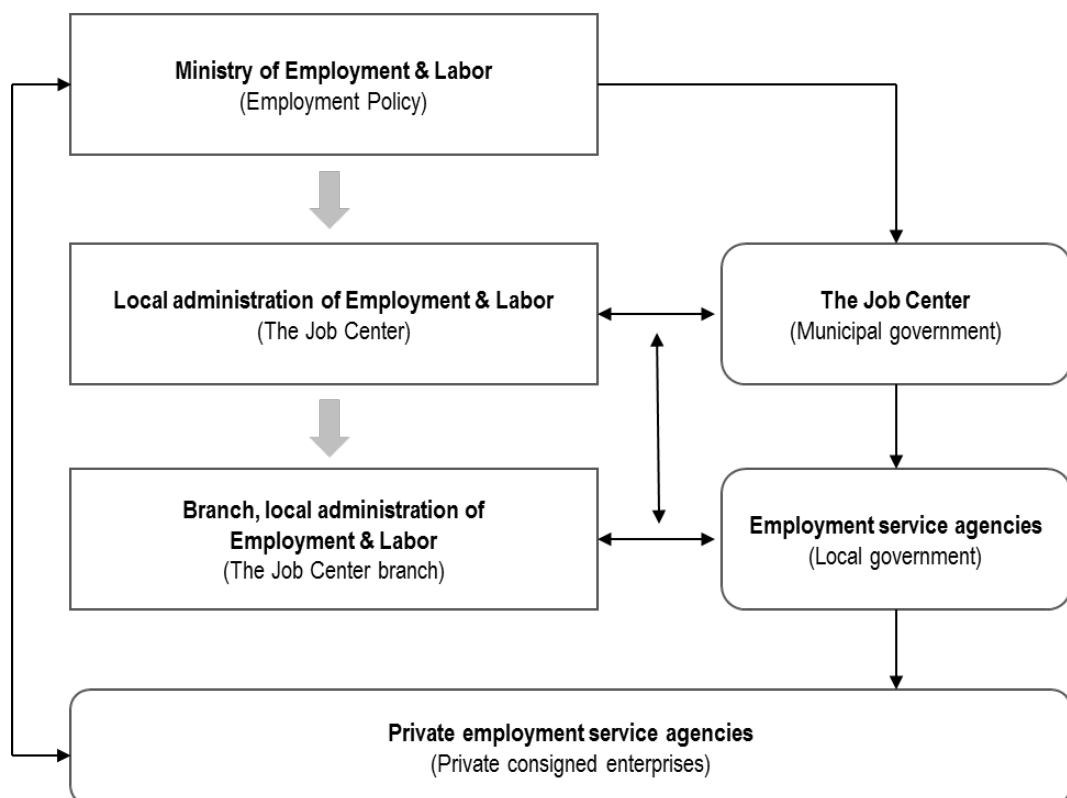
The MoEL has undergone several reforms in line with changes in the employment policy framework. Following the 2011 and 2015 restructuring, the Ministry's headquarters is comprised of three offices—Employment Policy, Labour Policy and Planning, and Coordination—and 13 bureaux.² The Employment Policy Office is the apex body for PES

² The full structure is composed of three offices, 13 bureaux, 39 divisions and five teams.

in South Korea, within which the Employment Services Policy Bureau is located.³ The Job Centers (currently numbering 86), while operating semi-autonomously, fall under the latter. They are concentrated in major cities and are independent organizations affiliated to the local and branch administration offices under the MoEL. In an attempt to deliver locally customized PES, Job Centers are meant to develop networking, coordination and cooperation with local business associations, labour unions, vocational training agencies and local governments.

As explained above and shown in figure 1.2, the MoEL formulates the employment policies and sets the guidelines for PES. The Job Centers of the MoEL and employment centres of various other governmental departments (such as those of municipal and local governments) play a central role in administering the PES and work with each other in providing services. The MoEL and local governments oversee and cooperate with private employment agencies (PrEAs) through outsourcing services (Oh et al., 2013). It should be noted, however, that the Job Centers of the MoEL are the main institutions for delivery of employment services as other agencies are small in size or offer specialized and/or peripheral services.

Figure 1.2 Public employment services delivery system



Source: Oh, 2013.

³ The other bureaux are Labour Market, Employment Services, Youth and Women’s Employment, Human Resources in Aged Society, and Vocational Skills

1.2.2 Scope of public employment services

Job Centers provide job recruitment support, career planning services and unemployment training for first-time jobseekers, and unemployment benefits and job recruitment support for those looking for re-employment. They carry out certain services directly while partially or completely outsourcing other services (when services are partially outsourced, the Job Centers and other organizations provide the same types of services but to different social groups). The Job Centers provide the unemployment allowance, operate WorkNet, report violation of employment security laws, report false advertisements and unilaterally give monetary rewards directly to beneficiaries.

On the other hand, Job Centers work with other organizations to provide certain services. First, they provide job-search support, job-matching, career planning support, job market information and basic ability education (résumé review, interview training, and so on) to help jobseekers become employed. Second, they provide headhunting support, human resource planning enhancement and labour market information to help employers find the qualified employees they seek. Third, they play an important role in providing “typical” employment services such as helping the unemployed find jobs and assisting vulnerable social groups on matters concerning employment.

Recently, the PES have gone through a transformation, expanding to include services to help people find lifetime employment—jobs that they are able to keep until they reach their retirement age. The methods of job placement support are changing. As information and communications technology has developed, the types of job placement support are becoming more diverse and now incorporate the Internet (WorkNet). In addition, new sources of information regarding the job market are constantly developing. Information concerning labour market supply and demand, and employment changes according to region, sector or jobs, is important not only for jobseeking and personal career development but also for employers, to assist decision-making on investment and workforce (re)location. There are also labour market adjustment programmes that include job search support, vocational training and start-up support.

1.2.3 Capacity and performance of public employment services (Job Centers)

The MoEL, Ministry of Gender Equality and Family, Ministry of Health and Welfare, Ministry of Patriots and Veterans Affairs, Ministry of Unification, and local governments operate PES organizations in Korea. However, other than the MoEL, most other ministries or local governments manage PES organizations through outsourcing to private professional organizations. This section will mainly focus on the Job Centers, which are managed by the MoEL.

In 2014, there were 86 Job Centers in South Korea (table 1.7), one more than in 2006 when a decision was made to reorganize them to ensure provision of a critical mass of services to clients in major cities and other designated areas in the regions. This was to improve accessibility for service recipients by providing a higher number of services within one centre, rather than having services dispersed across multiple centres.

In 2012, there were 4,916 employees in Job Centers, consisting of 3,123 public servants, 1,595 consultants/part-time workers such as vocational counsellors, and other temporary employees. This represents a marked increase from a staff contingent of 2,897 in 2006, reflecting the Government’s determination to improve the quality of services.

The year 2006 marked a big change in the number of job centers and employees. In that year, the status of the consultants/part-time vocational counsellors was changed to that of public servant and the geographical coverage of Job Centers was extended. As a result, the

number of consultant/part-time vocational counsellors decreased from 1,500 to about 100 and the number of public servants increased dramatically. The Government began to hire more consultant vocational counsellors in 2012 and their number rose to 1,595, similar to the number in 2006. It may be that the change in recruitment policy resulted from finding that consultants were delivering better results than public servants (Oh et al., 2013).

Table 1.7 Job Centers and employees, 2002–2014 (number)

Year	Job Centers	Employees		
		Total	Public officers	Consultant vocational counsellors
2002	156	2 364	543	1 821
2004	118	2 347	632	1 715
2006	85	2 897	1 323	1 574
2008	82	2 996	2 884	112
2011	81	3 269	3 157	112
2012	82	4 916	3 123	1 595
2013	83			
2014	86			

Source: Kim et al., 2015.

Job Center data show that the number of vacancies increased until 2012 then began to decrease, while the number of jobseekers decreased slightly in 2011 and 2012 then began to increase. Placements and the employment rate show a rising trend, and the rate of filled vacancies dropped significantly in 2010, but then increased consistently from 2012 to just below the 2009 level in 2015. It is interesting to note that, while the number of job vacancies recovered significantly immediately after the global economic crisis in 2010, the number of jobseekers increased by a relatively small margin, as did placements. This could be due to the nature of jobs, which may have been regarded as lowly by jobseekers. It is claimed by some commentators that the majority (about 90 per cent) of the people who visit Job Centers do so for services related to unemployment benefits, and only about 10 per cent visit to access employment services. To receive unemployment benefits, a person must show that they are looking for a job, so even those who have no desire to work register themselves as jobseekers. This argument, however, is not supported by the trend in employment rate, which has been increasing consistently, from 25 per cent in 2009 to around 30 per cent in 2015. The Government may, however, wish to review and evaluate the effectiveness of the activation measures embodied in the Employment Insurance Act.

Table 1.8 Job Center employment data, 2009–2015

Year	Job vacancies No.	Jobseekers No.	Placements No.	Employment rate %	Vacancies filled %
2009	1 225 011	2 732 741	669 535	24.5	54.7
2010	1 770 987	2 755 006	701 928	25.5	39.6
2011	1 742 178	2 559 832	656 494	25.6	37.7
2012	1 778 519	2 517 515	731 751	29.1	41.1
2013	1 762 859	2 880 663	853 362	29.6	48.4
2014	1 695 711	2 933 866	869 913	29.7	51.3
2015	1 669 708	2 996 521	897 224	29.7	53.7

Source: Ministry of Employment and Labor, 2015.

1.2.4 Public employment services performance management system

In 2006, the Employment Service Evaluation Centre was established within the Korea Employment Information Service to monitor, assess and improve employment services. However, there were many issues with the performance evaluation of PES until 2010. Evaluation mainly consisted of assessing job placement assistance without considering variables such as regional characteristics, customer demand and linkages between PES and other organizations, and only quantitative indicators were used. Hence, the Government conducted research in 2011 based on the management by objectives (MBO) performance management system, in order to make improvements. Given the organizational status of a Job Center as a satellite organization of the local labour office or its branch, any evaluation of the performance of the Job Center is actually part of the evaluation of the local office or branch. There are three main points considered when setting up the indicators: (i) they should aim to reduce the possibility of arbitrary judgement; (ii) evaluations should lead to improvements; and (iii) the indicators should present a causal relationship between strategy and outcomes. The MBO performance management system consists of three phases: (i) goals are established; the performance goal plan is drawn up by the local labour office in collaboration with the Job Center staff, related agencies and external experts; (ii) the evaluation indicators are composed; and (iii) the evaluation methods are agreed upon, aiming to assess the extent of goal achievement.

After research and consultations with officials of Job Centers and local labour offices, the Government finalized the performance indicators (table 1.9) and established the PES performance management system. The Job Centers and local labour offices determine the goals for each performance indicator based on previous performance, and the evaluation is based on the degree to which the goals are achieved. As for the qualitative indicators, an evaluation committee visits each working site to conduct assessments. Through the performance management system, the Employment Service Evaluation Centre is able to gather information on a real-time basis through an online database and effectively compare the data based on monthly, yearly or other fixed periods (Oh et al., 2013). It should be noted that the employment services performance management system provides data on indicators related to overall performance of services conducted by the Job Centers, local government and PrEAs.

Table 1.9 Employment services performance indicators

Indicator	Efficiency	Effectiveness
Number of jobseekers Number of employed Number of hiring companies Jobseeker satisfaction Employer satisfaction		Goal achievement rate
Employment rate Employment-insurance-obtaining rate, job retention rate, income level of the employed, rate of job placement for hiring company	Employment rate in fixed terms Employment-insurance-obtaining rate in fixed terms Rate of job placement for hiring company in fixed terms	Job retention rate in fixed terms Level of income increase

Source: Oh, 2013.

A customer satisfaction survey of the Employment Welfare Plus Centre in 2014 showed that people were generally satisfied with its services—the general satisfaction rate was 4.12 out of 5 (World Research Ltd, 2015). The satisfaction levels for facilities (4.18) and services (4.18) were relatively high, compared with overall service convenience (4.07) and employment counselling (4.01).

1.3 Private and non-profit employment services providers

1.3.1 *The policy and regulatory framework for the operation of private employment agencies and non-profit organizations*

PrEAs are mainly regulated by the Employment Security Act and the Act on the Protection of Dispatched Workers, but there are also other laws and policies that have affected the operation of PrEAs.⁴

The Employment Security Act, established in 1961, authorized for-profit and non-profit job-matching organizations and provided regulations on areas such as free and fee-based job-matching services and employee recruitment. As explained in section 1.1.3 above, the Employment Security Act envisages delivery of employment services and active labour policies through various actors, in addition to Job Centers, such as PrEAs, not-for-profit organizations and other public entities. These institutions may deliver services free or on a fee-paying basis and can be supported by the state through financing from the general revenue budget or the Employment Insurance Fund.⁵ However, the Act is very clear that government maintains the authority over decision-making on employment and labour market policy and the allocation of finances for implementation of such policies.

After the economic crisis in the late 1990s, the Government especially saw a need to lessen the regulations concerning PrEAs as the unemployment rate rose. Thus, in 1999, the Government changed its policy so that PrEAs no longer required government authorization

⁴ For example, the Labour Standards Act, Security Guard Act of 1978 and Public Sanitation Act of 1986 (Lee and Hong, 2015).

⁵ Free placement services are, however, reserved for not-for-profit and public organizations as prescribed by a presidential decree (Section 18(2)).

and could simply register with or report to the government, and the number of PrEAs increased significantly as a result. Free and fee-based job placement services for the domestic market report to or register with the local government authorities, while those providing overseas placement services report to the Minister of Employment and Labor. Another factor that fuelled the increase in the number of PrEAs is that, as the Government's budget and the scale of its employment services increased, it expanded its outsourcing to PrEAs. Since the amendment to the Employment Security Act in 1995, job information dissemination businesses have to report only to the Minister of Employment and Labor and the period of authorization of fee-based job-matching agencies was extended from one year to three years. For-profit PrEAs are allowed to charge fees according to a schedule determined and announced by the Minister of Employment and Labor. For example, according to the current regulations, organizations/companies may charge 30,000 Korea (South) Won (KRW) per month for job-matching services for housekeepers and caretakers of the sick. They are not permitted to charge any other fees (except for predetermined categories of high-skilled professional workers).

Before 1997, worker dispatch other than the worker supply business of labour unions⁶ was prohibited by the Employment Security Act. This was because the Government believed authorizing worker dispatch would lead to many problems, such as intermediary exploitation, buttressed by pressure from trade unions and other interest groups. Nonetheless, worker dispatch in certain sectors began to be authorized through special laws, and illicit worker dispatch increased to meet the demands of the labour market. As a result, the Government established and implemented the Act on the Protection, Etc., of Dispatched Workers in 1998 to regulate the dispatch of workers—a result of a long period of contested negotiations.

In principle, the duration of worker dispatch cannot exceed one year (an additional year's extension can be granted upon agreement among the dispatched worker, dispatch service organization and employer), but if an employer hires a dispatched worker for longer than two years, the dispatched worker is given a new permanent contract the day after the two-year period. Those that wish to provide worker dispatch services must receive authorization from the Minister of Employment and Labor, which lasts up to three years. After the three-year period, the worker dispatch service organization must have its approval renewed.

The Presidential Decree of the Act on the Protection, Etc., of Dispatched Workers specifies 32 occupations, except manufacturing works, in which worker dispatch may be allowed (see Appendix 2). The Government ratified the Employment Service Convention, 1948 (No. 88) in December 2001 but has not yet ratified the Private Employment Agencies Convention, 1997 (No. 181).

1.3.2 The types and numbers of private employment agencies and non-profit organizations

There are four main categories of PrEAs covered by law in South Korea. There are three different types under the Job Security Act: employment agencies, job information companies and worker supply businesses. Employment agencies can be further divided into search firms ("headhunters"), free and paid employment agencies. Another category of PrEAs, worker dispatch businesses, is covered by the legislation on protection of dispatched workers.

⁶ Historically, only trade unions were allowed to operate labour supply businesses for the transport sector, particularly in respect of ports. This restriction still remains in force after the adoption of the worker dispatch law.

Employment agencies expanded quickly. Job-matching services became the most prominent among the various categories of PrEAs, which are mainly for-profit individual businesses. However, there were major limitations to PrEA job matching, as 90 per cent of cases consisted of temporary or daily work such as housekeeping, construction and caregiving for the sick and elderly. The free job-matching organizations provide services to vulnerable social groups such as young adults, the elderly and women who face job discontinuation, and mainly operate through outsourcing contracts with the national or local governments.

The job information companies were also able to expand quickly as the development of information technology improved efficiency and the Government deregulated pricing for job information services. Thus, many organizations sought to take advantage of the potential for profit in the job information industry and the number of worker dispatch agencies that send their employees to work in other companies also increased. The number of PrEAs increased from 7,835 in 2007 to 13,472 in 2012.

The MoEL set the following standards concerning fee-based job-matching companies.⁷ For jobs of less than three months' duration, job-matching companies cannot charge employers more than 30 per cent of the total income (10 per cent for construction workers), and for jobs of more than three months' duration, the fee must be less than 30 per cent of three months' income (10 per cent for construction workers). The job-matching fee charged to jobseekers cannot be more than 3 per cent of the total pay for jobs of less than three months' duration, or 3 per cent of three months' pay for jobs of more than three months' duration. From 1 July 2019, the rates will be reduced to 1 per cent of total income for jobs with a duration of less than three months, and 1 per cent of three months' pay for jobs with a duration of more than three months. For daily workers who have association membership (e.g. domestic workers), the monthly fee should be less than 4 per cent of the monthly minimum wage (calculated on a standard month of 209 hours).

Table 1.10 Private employment agencies and not-for-profit organizations, 2007–2012 (number)

Category		2007	2008	2009	2010	2011	2012
Total		7 835	7 268	8 372	9 621	10 733	13 472
Employment agencies	Free agencies	514	546	665	617	781	1106
	Non-free agencies	6 848	6 241	7 115	8 247	8 929	9 188
	Free overseas agencies	3	3	11	14	14	13
	Non-free overseas agencies	3	3	11	14	14	13
Job information companies		356	356	451	591	839	896
Worker supply businesses	Domestic	40	40	41	44	41	41
	Abroad	3	2	1	1	1	1
Worker dispatch business		1 208	1 326	1 419	1 595	1 813	2 087

Source: Jang, 2013.

⁷ MoEL Announcement No. 2017-22 of 3 April 2017. Accessed at www.knesa.or.kr/bbs/defaultView.do?menuCd=060301&bbsNo=7190 (in Korean) on 3 October 2017.

Organizations that provide employment information earn most of their revenue through employment portal websites and the number of such organizations has increased since the Government allowed institutions to provide both job-matching and job information dissemination services. The revenue of the top six employment portal sites, including Job Korea and Inccruit, makes up 90 per cent of the total revenue in the sector (Oh et al., 2013). The organizations that provide employment information are quickly expanding as a result of the improvements in information technology and the high profits of such organizations in comparison with job-matching firms. There are three reasons job information dissemination services expanded dramatically (Kim and Sin, 2004). First, the demand for job information increased significantly after the massive layoffs due to the 1998 economic crisis. Second, many companies that used to hire a high number of employees through open recruitment at set periods throughout the year reduced the number of new hires and hired only when there was an opening. Thus, the cost of advertising was reduced and the companies started to use online job-matching sites more actively. Third, due to the convenient and easy online access in South Korea, jobseekers were easily able to find job information through the online job-matching sites.

Initially, the job-matching companies did not charge job-matching fees to jobseekers or hiring companies, and made most of their profits through advertising job vacancies or other types of advertising. However, the job-matching companies now make profits through more diversified services. They charge fees for such services as “personnel search service”, through which hiring companies can peruse the résumés of various job seekers, “employment agency service”, in which job-matching companies perform all the steps (e.g. résumé collection and review, communication with jobseekers) of the hiring process, “headhunting service”, through which job-matching companies help find high-calibre employees, “outplacement service”, in which job-matching companies assist employees who have quit or been retrenched to find new employment, and “aptitude test service”, in which job-matching companies assess the personality and characteristics of applicants.

PART II: PARTNERSHIPS IN EMPLOYMENT SERVICES AND ACTIVE LABOUR MARKET POLICIES

2.1 The environment for partnership among employment service providers

Until 2004, PES was dominated by the Government or public organizations. However, as one of the measures for the advancement of employment services in 2005, the Government instituted a shared-growth and partnership system for both public and private employment institutions. In order to expand the infrastructure and programme of employment services in the public sector, which was comparatively vulnerable, and to formulate the advanced private labour market utilizing the strength of the private sector, the Government began to outsource employment services to private organizations.

The Government brought in the Framework Act on Employment Policy in 2005, with the purpose of developing private employment services through fostering experts, establishing an employment information network connecting public and private organizations, outsourcing employment services of the federal and local governments to PrEAs and certifying excellent PrEAs. Thus, the Government began forming partnerships with private organizations in 2006 to expand the inadequate infrastructure and programmes of the public sector and utilize the strengths of the private sector. However, the performance of the services such as job-matching did not improve much after the partnerships were formed, and there were many issues such as service overlap among various organizations and frequent cases of people taking advantage of the same services in different organizations. As a result, the Government began evaluating the employment services and their impact on employment, to encourage their efficiency and effectiveness.

As discussed above, the law stipulates two ways in which the central and local governments can provide employment services. They may provide employment services directly to people in need or provide indirect support by forming partnerships with contracting organizations (fee-charging employment services, job information services and other professional institutions as may be prescribed from time to time by a presidential decree) and giving them financial aid to carry out the employment services, financed from the general government account or the Employment Insurance Fund. This report mainly examines the partnerships among the Government and various participating organizations, such as local governments, public organizations, non-profit institutions and for-profit institutions.

2.2 Employment services partnerships in South Korea

2.2.1 Types and nature of partnerships

As of 2016, there are 27 different types of employment services and programmes of the central and local governments that are carried out through partnership with other institutions. Among these, 19 are led by the MoEL, two by the Ministry of Gender Equality and Family, two by local governments, and one each by the Ministry of Health and Welfare, National Police Agency, Ministry of Patriots and Veterans Affairs, and Small and Medium Business Administration.

Some types of ALMPs have specific target recipients, such as youth, women, the elderly and other vulnerable social groups, while other programmes, such as the Successful Employment Package or Locally Tailored Jobs Creation Support Initiative, have a more general target. Table 2.1 classifies the 27 employment services according to the different outsourcing institutions and target recipients. A more specific description of the 27 employment services is provided in Appendix 1.

The partnerships consist of consignors and consignees. The consignors are the central and local governments or public organizations. The consignees are the local governments, public organizations, non-profit organizations (including universities, economic institutions, organizations that support the elderly, and such) and for-profit organizations.

Table 2.1 Types of partnership, outsourcing institutions and target recipients

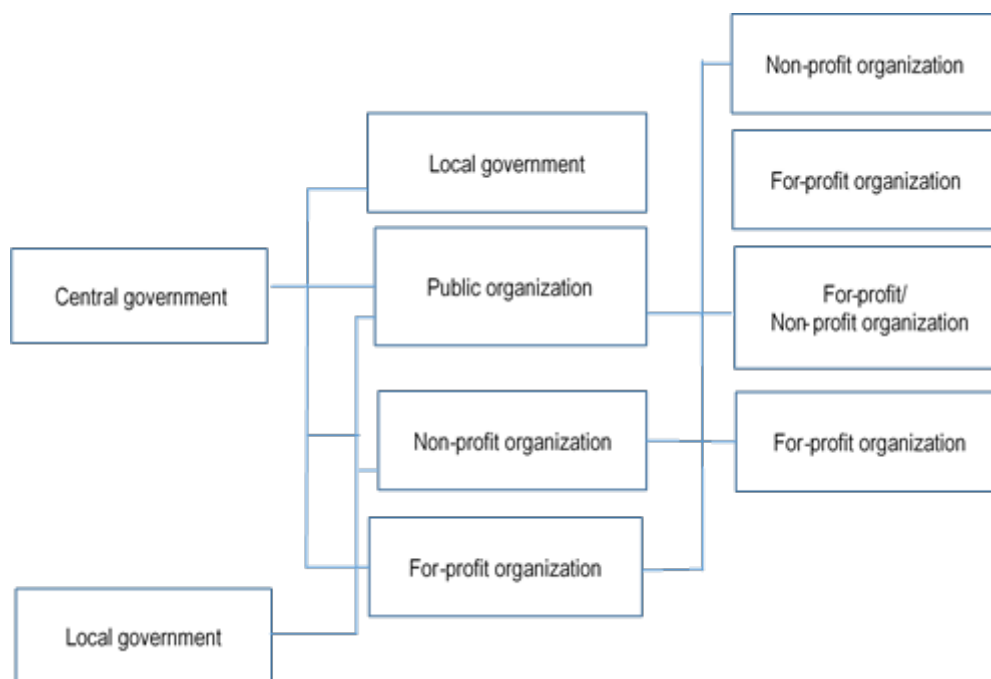
Type	Central government						Local government
	MoEL	MoHW	MoGEF	MoPV	NPA	SMBA	
Single Group							
Youth	1, 2, 3,4, 5, 6, 7						26
Women	10		9, 11				
Elderly	15, 16, 17, 18, 19			20	21		
Foreign workers	22, 23						
Vulnerable group	12	13				14	
Multiple Group							
Youth+	24						
Elderly+							
Vulnerable group							
All Groups	25, 26						

MoEL = Ministry of Employment and Labor , MoPV= Ministry of Patriots and Veterans Affairs,
 MOHW = Ministry of Health and Welfare, MoGEF = Ministry of Gender Equality and Family, NPA = National Police Agency
 SMBA = Small and Medium Business Administration

Note: 1. Career Development Center for the Creative Economy; 2. College Youth Employment Center; 3. Visitation Program to Small and Strong Companies; 4. Youth Internship Program for Small and Medium-sized Businesses; 5. Employment Stepping Stone Program; 6. Training Program for Employment in Small and Medium-sized Companies; 7. Employment Academy; 8. Youth New Deal Policy of Gyeonggi Province; 9. Re-employment Center for Women; 10. Alternative Human Resources Bank; 11. Career Development Center for Female University Students; 12. Job Recruitment Services for Disadvantaged Social Groups; 13. Hope Re-born Project; 14. Return of Hope Project; 15. Middle-aged Job Center of Hope; 16. Human Resources Bank of the Aged; 17. Middle-aged Employment Academy; 18. Middle-aged Social Contribution (re-employment) Assistance; 19. Senior Internship; 20. Support Center for Discharged Soldiers; 21. Support Center for Retired Police Officers; 22. Support Center for Foreign Workers; 23. Counselling Center for Foreign Workers; 24. Successful Employment Package; 25. Locally Tailored Jobs Creation Support Initiative; 26. Regional HRD Council; 27. Gyeonggi Province Occupation Center.

Partnerships can consist of two or three parties. Two-party partnerships include partnerships between central government and non-profit organizations, central government and for-profit organizations, local government and non-profit organizations and local government and for-profit organizations (figure 2.1). Partnerships between the principal purchaser of services (central government) and the main supplier (local government/public organization/NGO) are referred to as “first-stage partnerships”. “Second-stage partnerships” are those in which the main supplier works with a third party to deliver services; thus, they involve three parties.

Figure 2.1 Partnership structures



Initially, the two-party partnerships, in which the central government outsourced services to non-profit organizations, were the most prevalent. Eventually, both three-party partnerships (central government–local government–non-profit/for-profit organizations), in which the local government plays a role and takes on financial burdens, and two-party partnerships, in which the central government outsources to for-profit organizations, increased in number. Examples of the latter include the Alternate Human Resources Bank, Job Centers and Support Center for Discharged Soldiers.

The partnerships can be classified into three categories. The first is based on the contract relations. The central government forms internal government contracts with local governments or public organizations such as HRD Korea (Human Resources Development Service of Korea) and Korea Labor Federation. On the other hand, when the central government directly or indirectly forms contracts with non-profit/for-profit organizations through local governments' public organizations, the Government signs a subcontract. In a subcontract, the consignor stipulates to the consignee what task must be completed and promises to supply the payment when the task is finished. The Government (in certain cases local governments may share the cost burden) may determine a fixed payment in exchange for task completion or set a base payment and give additional funds proportional to factors such as employment of participating jobseekers. The former is referred to as a quasi (outsourcing) contract, and the latter a commission contract. In the case of the former, the Government generally certifies non-profit organizations and gives them monopolistic operation rights. In the case of the latter, the Government generally certifies non-profit/for-profit organizations and designates monopolistic operation rights within a given region or makes them compete with public organizations. In South Korea, examples of the latter include Successful Employment Package, Senior Internship and the Alternate Human Resources Bank.

Second, the partnerships can be classified according to the nature of the relationships between the involved parties. The central government generally forms complementarity partnerships. The partner organizations carry out or support the services that the central Government cannot perform on its own. Yet there are cases, such as the Alternative Human Resources Bank and Locally Tailored Jobs Creation Support Initiative, in which competition for partnerships takes place.

Third, the partnerships can be classified based on the level of closeness of the involved parties. The central government mainly forms coordination partnerships with other organizations. The central government oversees the organizations that carry out the services and makes changes when necessary. However, there are cases of collaboration, such as the Support Center for Discharged Soldiers, in which public servants and private consultants work closely together to provide services.

Table 2.2 classifies the 27 outsourced employment services according to their contract relations, actors, type of relationship and degree of intensity of their partnerships.

As for the contract relations, in most cases (about 70 per cent) the Government forms an outsourcing contract with private or public employment service institutions comprising both first- and second-level partnerships, but in almost two in five programmes (numbers 7, 9, 11, 13, 17, 22, 23, 24, 25, 27) the Government has an internal government contract with public organizations. More than one quarter of the programmes (numbers 4, 8, 12, 13, 19, 20, and 24) have commission contracts. There are various actors involved in the 27 partnerships. For example, public organizations may have partnerships with other public organizations (41 per cent of them), third-sector organizations (33 per cent) or private organizations (30 per cent). Furthermore, the overwhelming majority (93 per cent) of the partnerships have complementary relationships. However, in numbers 10 (the Alternative Human Resources Bank) and 27 (Gyeonggi Province Occupation Center), the central and local governments form partnerships with multiple organizations and have them compete in providing services. Regarding the intensity of partnerships, over 95 per cent involve coordination, with only one programme, the Support Center for Discharged Soldiers, displaying the characteristics of a collaborative kind of partnership.

Table 2.2 Type and nature of partnerships between public and private employment services

Type of partnership		Single-target beneficiary employment services														
		Youth							Female			Vulnerable group				
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Nature of partnership	Contract relations	Outsourcing contract	○	○△	○		○	○	△		△	○				○
		Internal govt contract							○		○		○			○
		Quasi contract														
		Commission contract				○				○				○	△	
	Actors	Public/public							○		○		○		○	○
		Public/third sector	○	○									△			
		Public/private		△					△	○		○				
		Public/third sector or public/private			○	○	○				△			○	△	
		Public/public or public/private					○									
	Relationship	Direct competition											○			
		Complementary	○	○	○	○	○	○	○	○	○		○	○	○	○
		Voluntary cooperation														
	Intensity of partnership	Cooperation														
		Coordination	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Collaboration																

Note: 1. Career Development Center for the Creative Economy; 2. College Youth Employment Center; 3. Visitation Program to Small and Strong Companies; 4. Youth Internship Program for Small and Medium-sized Businesses; 5. Employment Stepping Stone Program; 6. Training Program for Employment in Small and Medium-sized Companies; 7. Employment Academy; 8. Youth New Deal Policy of Gyeonggi Province; 9. Re-employment Center for Women; 10. Alternative Human Resources Bank; 11. Career Development Center for Female University Students; 12. Job Recruitment Services for Disadvantaged Social Groups; 13. Hope Re-born Project; 14. Return of Hope Project; 15. Middle-aged Job Center of Hope; 16. Human Resources Bank of the Aged; 17. Middle-aged Employment Academy; 18. Middle-aged Social Contribution (re-employment) Assistance; 19. Senior Internship; 20. Support Center for Discharged Soldiers; 21. Support Center for Retired Police Officers; 22. Support Center for Foreign Workers; 23. Counselling Center for Foreign Workers; 24. Successful Employment Package; 25. Locally Tailored Jobs Creation Support Initiative; 26. Regional HRD Council; 27. Gyeonggi Province Occupation Center.

Table 2.2 Type and nature of partnerships between public and private employment services (continued)

Type of partnership		Single-target beneficiary employment services/ALMPs										Multiple-target beneficiary employment services/ALMPs			
		Middle-aged and aged										Foreign workers			
		15	16	17	18	19	20	21	22	23	24	25	26	27	
Nature of partnership	Contract relations	Outsourcing contract	○	○	△	○		○	△	△		△	○	△	
		Internal govt contract			○				○	○	○	○		○	
		Quasi contract													
		Commission contract					○	○			△				
	Actors	Public/public			○				○	○	○	○		○	
		Public/third sector	○	○		○	○					△	○		
		Public/private						○	○		△	△			
		Public/third sector or private			△					△					
		Public/public or private												△	
	Relationship	Direct competition												○	
Complementary		○	○	○	○	○	○	○	○	○	○	○			
Voluntary cooperation															
Intensity of partnership	Cooperation														
	Coordination	○	○	○	○	○		○	○	○	○	○	○		
	collaboration						○								

Note: ○ = first-stage partnership; △ = second-stage partnership.

2.2.2 Motivation and objectives of partnerships

There are many purposes of the partnership between the Government and private organizations. First, the Government aims to build the capacity and effectiveness of PES by utilizing non-profit organizations that produce the supply and demand of employment. For example, the Government works with universities, which produce the supply side of employment (students), and they operate the Career Development Center for the Creative Economy, College Youth Employment Center and Career Development Center for Female University Students. The programmes operated by economic entities (companies), which have a demand for employment, include the Middle-aged Job Center of Hope, Senior Internship Program, SMEs and young adult internships.

Second, the Government is utilizing the experience and expertise of private organizations. Such areas of experience and expertise generally include vocational counselling, career planning, change management, dissemination of information concerning high-level employment positions, and businesses that require special skills such as language. The Alternative Human Resources Bank, Successful Employment Package and Support Center for Discharged Soldiers of the Ministry of Patriots and Veterans Affairs are examples.

Third, the Government aims to use the private sector to increase efficiency. Generally, the public sector is believed to perform worse than the private sector, and there are limitations to making improvements through increasing the number of public servants. Thus, the Government works with the private sector to expand employment services and improve their effectiveness. The local government Job Centers, Hope Re-born Project and Support Center for Foreign Workers are representative of such initiatives.

Fourth, the Government forms partnerships with local governments to address local employment issues. The Locally Tailored Jobs Creation Support Initiative and the Regional HRD Council are examples. Additional objectives of such partnerships include expanding new services and providing services to those who have limited access to the labour market.

Partnerships can be classified according to a market-based orientation. According to the European Job Mobility Laboratory, “the partnerships based on their purpose and cooperation arrangements (market based or non-market based) can be classified into four models. Model 1 (Capacity-building) falls at the intersection of the capacity upgrading aim and market-based arrangements, Model (2) the same aim and non-market-based arrangements, while Model 3 (Integration of skills) and Model 4 (Coordination) fall at the intersection of tackling multidimensional tasks and the market-based and non-market-based arrangements, respectively” (European Job Mobility Laboratory, 2011).

The European Job Mobility Laboratory model is useful for the classification of South Korea’s partnerships because it classifies according to general aims and types of arrangements, which helps simplify the complex partnerships and creates a manageable model.

An examination of the 27 types of partnerships in South Korea shows that the majority (over 80 per cent) fall under the European Job Mobility Laboratory’s Model 3. This is because, rather than focusing on expanding the existing employment services, the central Government forms partnerships to provide employment services to those who have limited access to the market, such as the elderly, youth entering the labour market and other vulnerable social groups. Nonetheless, there are cases of partnerships that fall under different models. The partnerships that aim to help foreign workers, such as Support Center for Foreign Workers and Counselling Center for Foreign Workers, fall under Model 1 because such partnerships provide new types of services for a specific group of people. The local government Job Centers and Gyeonggi Province Occupation Center have a Model 2-type

partnership with the central Government because they use WorkNet to exchange and use information. Furthermore, the partnership between the local and central governments to address local employment issues, such as the Locally Tailored Jobs Creation Support Initiative and Regional HRD Council, can be considered to be Model 4-type partnerships because they coordinate to provide existing services.

Table 2.3 Broad models of partnerships between public employment services and other employment service providers

Objective/purpose	Market-based (quasi-market) arrangements	Non-market-based arrangements (informal arrangements, internal government contracts)
Upgrading the capacity of employment services	Model 1: Capacity-building 22, 23	Model 2: Cooperation 27
Tackling multidimensional tasks	Model 3: Integration of skills 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 24	Model 4: Coordination 25, 26

Source: European Job Mobility Laboratory, 2011.

Note: 1. Career Development Center for the Creative Economy; 2. College Youth Employment Center; 3. Visitation Program to Small and Strong Companies; 4. Youth Internship Program for Small and Medium-sized Businesses; 5. Employment Stepping Stone Program; 6. Training Program for Employment in Small and Medium-sized Companies; 7. Employment Academy; 8. Youth New Deal Policy of Gyeonggi Province; 9. Re-employment Center for Women; 10. Alternative Human Resources Bank; 11. Career Development Center for Female University Students; 12. Job Recruitment Services for Disadvantaged Social Groups; 13. Hope Re-born Project; 14. Return of Hope Project; 15. Middle-aged Job Center of Hope; 16. Human Resources Bank of the Aged; 17. Middle-aged Employment Academy; 18. Middle-aged Social Contribution (re-employment) Assistance; 19. Senior Internship; 20. Support Center for Discharged Soldiers; 21. Support Center for Retired Police Officers; 22. Support Center for Foreign Workers; 23. Counseling Center for Foreign Workers; 24. Successful Employment Package; 25. Locally Tailored Jobs Creation Support Initiative; 26. Regional HRD Council; 27. Gyeonggi Province Occupation Center.

2.2.3 Scope and coverage of partnerships

The employment services that are carried out through partnerships with private organizations include providing counselling, job market information, career planning consultation, job training, externships and job-matching. In some cases, the central Government contracts out a single-target beneficiary employment service, and in others, the central Government outsources multiple employment services as a package.

Most employment services provided through partnerships are designed to help social groups such as the elderly, women seeking re-employment, first-time jobseekers of the younger generation (age 15–29), and foreign manual-labour workers, and they receive tailored services until they are successfully employed. However, there are programmes that provide singular services to young adults or the elderly, such as counselling, externships or job-matching.

The employment services are provided by online or offline means. Most of the employment services that are outsourced to private organizations are provided offline. The online services include providing job information (through WorkNet), vocational training information (through HRD-Net), and the foreigner employment counselling service. Foreigner employment counselling often occurs by phone and such services are generally outsourced to private organizations.

Table 2.4 classifies the 27 partnerships in South Korea according to the scope and coverage of the employment services (see also Appendix 1). Two in three partnerships between the public and private employment services provide packages that include a variety of services such as counselling, provision of job information, vocational training and job-

matching, but some partnerships provide single services. For example, the Training Program for Employment in Small and Medium-sized Companies (no. 6) focuses on job training services and helps young jobseekers prepare for working in new, developing fields, including the information technology (IT) industry, through systematic training. The Counseling Center for Foreign Workers (no. 23) focuses on counselling services, and foreign workers and their employers can call it at any time of the day to resolve grievances.

Table 2.4 Scope and coverage of partnerships between public and private employment services

Type	Single-target beneficiary employment services and ALMPs													
	Youth							Female			Vulnerable group			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Single service	Diagnosis and counselling													
	Provision of information													
	Job and career guidance													
	Vocational training													
	Work experience													
	Job-matching													
	Providing jobs or employability enhancement													
Package service														

Note: 1. Career Development Center for the Creative Economy; 2. College Youth Employment Center; 3. Visitation Program to Small and Strong Companies; 4. Youth Internship Program for Small and Medium-sized Businesses; 5. Employment Stepping Stone Program; 6. Training Program for Employment in Small and Medium-sized Companies; 7. Employment Academy; 8. Youth New Deal Policy of Gyeonggi Province; 9. Re-employment Center for Women; 10. Alternative Human Resources Bank; 11. Career Development Center for Female University Students; 12. Job Recruitment Services for Disadvantaged Social Groups; 13. Hope Re-born Project; 14. Return of Hope Project; 15. Middle-aged Job Center of Hope; 16. Human Resources Bank of the Aged; 17. Middle-aged Employment Academy; 18. Middle-aged Social Contribution (re-employment) Assistance; 19. Senior Internship; 20. Support Center for Discharged Soldiers; 21. Support Center for Retired Police Officers; 22. Support Center for Foreign Workers; 23. Counseling Center for Foreign Workers; 24. Successful Employment Package; 25. Locally Tailored Jobs Creation Support Initiative; 26. Regional HRD Council; 27. Gyeonggi Province Occupation Center.

Table 2.4 Scope and coverage of partnerships between public and private employment services in Korea (continued)

Types	Single-target beneficiary employment services and ALMPs									Multiple-target beneficiary employment services and ALMPs				
	Middle-aged and aged								Foreign workers					
	15	16	17	18	19	20	21	22	23	24	25	26	27	
Single service									○					
Diagnosis and counselling														
Provision of information														
Job and career guidance														
Vocational training			○											
Work experience					○									
Job-matching														
Providing jobs or employability enhancement				○										
Package service	○	○				○	○	○		○	○	○	○	

2.3 Effectiveness, efficiency and risk selection

The partnerships among the Government and public organizations and non-profit/for-profit private organizations have generally led to more efficient and effective services, for a variety of reasons. First, partnerships with entities such as universities and existing PrEAs have improved the Government's access to potential recipients of employment services. Establishing the College Youth Employment Center and Career Development Center for Female University Students has allowed the Government to more readily reach university students who are about to enter the job market. Such centres are able to effectively inform students of the available employment services through the university portal sites, and it is easier for students to access the centres since they are conveniently located within their universities. Thus, this reduces advertising costs.

Second, partnering with for-profit organizations, including companies, and utilizing their resources has improved the quality and expanded the variety of services. For example, in the case of the Employment Stepping Stone Program (see section 3.2), working with big companies meant the Government could provide participating jobseekers with quality internship and training opportunities in the corporate world.

Third, the partnerships have expanded the degree to which services can be tailored to specific social groups by using the expertise of private and public organizations, which has allowed the Government to more effectively support a greater number of people. For example, the Locally Tailored Jobs Creation Support Initiative has effectively worked with existing PrEAs that provided valuable insight into specific local employment needs.

The issues of moral hazard and risk selection in relation to partnerships are addressed by limiting the contract period to one to three years. The partner organizations are comprehensively evaluated every year (see section 2.4 and Part III). However, the problem with limiting contract duration is that it makes organizations hesitant to invest heavily in long-term infrastructure or personnel, which limits the effectiveness of employment services.

Article 2 of the Employment Security Act prohibits discrimination in employment based on gender, age, disability, socioeconomic status and marital status. The Government also prohibits discrimination in employment services against unemployed young adults, the elderly and women whose jobs have been discontinued. Instead of providing the same services to various social groups, the Government develops tailored packaged services, especially for disadvantaged social groups. For example, unemployed young adults are provided with Successful Employment Package services and women whose jobs have been discontinued are provided with services through the New Job Centers for Women.

Another problem that must be addressed is the major shortage of quality PrEAs that have expert knowledge and experience outside the major cities. Many of the partnering PrEAs in the small cities have inadequate facilities or services, which contributes to worse employment outcomes in those regions.

Generally, the principle of "work first" is upheld to a greater extent than "human capital development", though the Government is making an effort to develop human capital. This can be seen through the main performance indicators that the Government uses to evaluate PrEAs, which are job placement performance, employment retention rate and customer satisfaction. Because contract renewal for PrEAs largely depends on such indicators, they do not have an incentive to invest heavily in human capital development programmes. However, there are programmes, such as the Employment Stepping Stone Program, that focus on human capital development through internships and vocational training.

2.4 Performance management, monitoring and evaluation of partnerships

2.4.1 Methods of performance management

(a) Performance evaluation

Performance evaluation of PES outsourced to private organizations takes place on quantitative and qualitative levels. The types of indicators and their level of importance varies depending on the service, but they generally follow a common pattern. The main indicators of quantitative evaluations are the employment rate and employment retention rate, and the sub-indicators are the numbers of employed, jobseekers and vacancies.

Qualitative evaluation includes customer satisfaction, field assessment and level of cooperation with the Job Centers. Customer satisfaction evaluation is used to prevent moral laxity by the participating organizations. Field assessment observes the content of the employment services and the infrastructure of the organizations. The level of cooperation with the Job Centers evaluates how well the participating organizations work with the Job Centers to carry out the employment services effectively.

At the end of every year, the participating organizations are evaluated on a five-level scale, and the Government decides whether to continue the outsourcing based on the assessment. The organizations that receive the lowest rank, E (on average, 10 per cent of participating organizations), are not allowed to continue their services the following year. Those that receive the second-lowest rank, D (on average, 25 per cent of participating organizations), two times within three years are not allowed to continue their services the following year. Those that receive a C (on average, 30 per cent of participating organizations) or a B (on average, 25 per cent of participating organizations), are able to renew their annual contract. The organizations that receive the highest rank, A (on average, 10 per cent of participating organizations), are given priority consideration and support. The Employment Security Act provides for recognition of outstanding organizations that offer employment services and ALMPs.

(b) Funds for outsourcing and number of clients

Based on the type of contract, there are two methods of payment for outsourcing. First, private organizations that sign outsourcing contracts receive a fixed payment for providing employment services during the contract period. Second, as shown by the Successful Employment Package, organizations that sign commission contracts receive a base payment for each recipient of their services and also receive bonuses for cases of successful employment (Kim, 2015).

In the beginning stages of outsourcing to private organizations, the base payment was high, but the payment for successful employment now makes up a bigger proportion of the total payment. In 2010, the payment for successful employment was 50 per cent of the total payment, but in 2014 it had increased to 64 per cent. In addition, the number of clients plays a large role in determining the total payment. For example, in the case of the Successful Employment Package, participating organizations receive up to 80 clients for each counsellor that they have, so those organizations that have more than 80 clients are given more basic pay since they must pay for the additional counsellor.

2.4.2 Flexibility of service providers in developing services

The private outsourcing of PES takes place through open invitation and many service providers participate. Yet the central or local government pays all the fees of the employment services that are provided to beneficiaries. This can be considered to be a quasi-market structure (Kim, 2015). The participating organizations do not have much freedom in setting the price level, structure of competition and standards for market participants, because the Government determines such administrative structures. However, the organizations are free to design the specific content or method of delivery of employment services that they have agreed to provide in their contracts with the Government. For example, organizations that operate the Middle-aged Job Center of Hope must provide vocational training to participants, but they can design the specific content of that training. Yet such organizations must bear in mind that they may not have their contracts renewed if the content does not align with the purpose of the programme.

2.4.3 Modifications in partnerships and decision-making

The central and local governments unilaterally decide the market structure and performance evaluation standards. The participating organizations may operate freely as long as they meet the required standards concerning the development and utilization of manuals, infrastructure, personnel hiring and job training. Various measures to improve the quality of the services can be modified through cooperation with the central or local government. The participating organizations may also request changes to the standards of the employment services by raising issues in the course of their operations.

PART III: GOOD PRACTICES

Six characteristics of good practices in public/private cooperation have been identified in member countries of the European Union: (i) Clear mission and cooperation goals; (ii) Focus on employability; (iii) Provision of comprehensive services; (iv) Provision of financial incentives; (v) Measurement of results; (vi) Embrace of continuous improvement (Kolektiv Ltd, 2014).

Based on these criteria, the current study identified four of the 27 South Korean PES partnerships as being representative of good practices: the Successful Employment Package (SEP), Employment Stepping Stone Program (ESSP), Alternative Human Resources Bank (AHRB), and New Job Centers for Women (NJCW).

3.1 Successful Employment Package

3.1.1 Programme introduction

As previously discussed (section 1.1.2(b)), people in their 20s have much greater difficulty in finding employment, but they (and middle-aged jobseekers) were previously provided with the same types of employment services as those in other age groups. The Successful Employment Package (SEP) was established to provide tailored assistance to people on low incomes and the unemployed middle-aged and young adults, in terms of employment and to help them escape poverty.

The SEP programme has two parts: SEP I provides support to specific disadvantaged social groups, such as recipients of national basic welfare and those earning less than 60 per cent of the national median income; SEP II provides support to middle-aged people (age 35–64) and young adults (age 18–34). Once employed, participants are provided with extra pay for successful employment, to help them financially but also as an incentive, to “make work pay”.

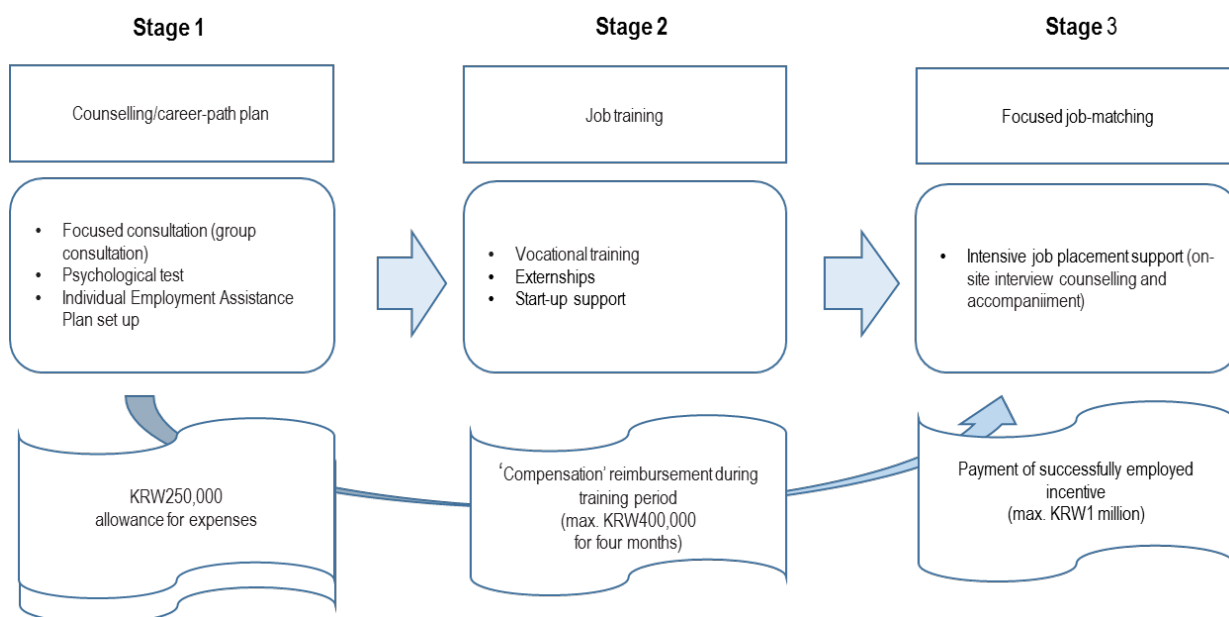
The SEP is delivered in three stages. In stage 1, participants receive counselling and vocational psychological assessment and, based on the results, an individual employment assistance plan (IAP) is formulated for each participant for a period of one month. In stage 2, they are provided with job training, externships and start-up support to increase their vocational capabilities, for a period of up to eight months. In stage 3, participants are given intensive job placement support, such as information on employers seeking workers and on-site interview counselling, in which counsellors accompany participants when they go for job interviews.

Table 3.1 Successful Employment Package

Type		Recipients
Successful Employment Package I		Recipients of national basic welfare, those earning less than 60 per cent of the national median income, and other disadvantaged social groups
Successful Employment Package II	Middle-aged	All middle-aged individuals (age 35–64) earning less than the national median income
	Young adults	Young adults (age 18–34), regardless of income

When participants complete stage 1, they are given funds (Package I, up to KRW250,000; Package II, up to KRW500,000). During stage 2, participants receive a training participation allowance of up to KRW400,000 for not more than six months. In addition, they receive financial support to participate in outside programmes, which cost as much as KRW2 million–3 million (Package I participants contribute nothing, Package II participants pay 10–30 per cent). Those participants who are successfully employed after completing stage 3 (and who have job insurance and are employed in a job that pays above the minimum wage and requires more than 30 hours of work) receive up to KRW1 million (KRW200,000 one month after employment, KRW300,000 three months after employment and KRW500,000 six months after employment).

Figure 3.1 Successful Employment Package: Three stages of service delivery



Source: Ministry of Employment and Labour (www.moel.go.kr/policyinfo/new/support/view_content04.jsp).

3.1.2 Contract relations

The MoEL operates SEP II through outsourcing. It signs an outsourcing contract with a consortium consisting of PrEAs and local governments or schools (high schools and universities). The contracts are signed on a two-year basis, but they can be cancelled if the organization's performance is found to be poor during the annual performance review.

3.1.3 Nature and type of partnership

The local governments or schools use publicity to recruit participants and network with relevant jobseeking organizations and companies, and PrEAs provide employment support services to participants. The MoEL (through its Job Centers) acts as the gateway by examining the required qualifications and initial counselling provided to participants, and it also monitors and assesses the progress made by the participating organizations/companies.

Outsourcing takes place on both a metropolitan and local scale. At the metropolitan level, this includes cooperation between large cities/provinces and private organizations. At the local level, outsourcing includes cooperation between local governments and universities or private organizations.

The participating organizations must meet physical/material and personnel requirements. To meet the physical/material requirements, an organization must have

physical space (a one-stop centre) for counselling and other job-support programmes, as well as basic infrastructure for online job searching. To meet the personnel requirements, an organization must have at least two employees (one vocational counsellor and one administrator).

The MoEL contracts out all three stages of the SEP II and carries out review and contract management. Thus, the partnership can be considered to be a coordination type, and the general aims and types of arrangements fall under Model 3 (integration of skills) of the European Job Mobility Laboratory (see section 2.2.2).

3.1.4 Performance management and operational results

An incentive is provided to increase the employment rate of participants and induce them to stay longer in their jobs. The consignment fee with participating organizations consists of basic pay and an employment incentive. As of 2016, base pay of KRW400,000 is provided after a participant has completed stage 1 and has an individual employment assistance plan (IAP). However, if a participant quits the programme within two months of formulating an IAP, they must return KRW200,000. The participating organizations are provided with an additional KRW100,000 for each participant who goes through long-term group counselling (the numbers in group counselling cannot exceed one third of all an organization's participants). A December 2016 announcement by the MoEL⁸ shows that, in an attempt to boost performance, the initial base payment has been reduced to KRW300,000 and incentives have been introduced for placed employees who remain in employment for more than three months. These incentives are linked to salary level and range from KRW600,000 for an employee earning up to KRW1.4 million, to KRW1.5 million for those earning above KRW2.3 million.

Participants who are employed in "quality jobs" (jobs that pay more than KRW1.8 million per month in 2016 terms) receive KRW300,000. In addition, there are incentives for them to stay in continuous employment. Any participant who is employed within six months of completing the programme and stays in their job for three months is given KRW300,000, and if they stay in their job for six months they receive an additional KRW600,000. Those who are employed within 12 months and stay in their job for three months are given KRW200,000, and if they stay in their job for six months they receive an additional KRW300,000. Those who are employed within 15 months and stay in their job for three months are given KRW100,000, and if they stay in their job for six months they receive an additional KRW200,000.

⁸ The 2016 announcement was subsequently revised. See http://moel.go.kr/view.jsp?cate=2&sec=1&mode=view&bbs_cd=001&state=A&seq=1482451255364 (in Korean). Accessed 3 October 2017. See also <http://blog.naver.com/outsotimes/220892929604> (in Korean). Accessed 3 October 2017.

Table 3.2a Successful Employment Package: Provider and jobseeker employment incentives, 2016 (KRW10,000)

Category	No.	Base pay	Employment incentive			
			Total	Quality job incentive	Continuous employment incentive	
					3 months	6 months
Employed within 6 months	140	40	100	30	30	40
Employed within 12 months	120	40	80	30	20	30
Employed within 15 months	100	40	60	30	10	20

Source: Ministry of Employment and Labor, 2016c.

Table 3.2b Successful Employment Package: Provider employment incentives

Category	Base pay 1 (from first counselling) KRW10,000	Base pay 2 (continuous participation after 6 months) KRW10,000	Employment incentive			
			Quality job incentive (based on salary) No.			
			Up to 140	Up to 180	Up to 230	More than 230
Employed within 6 months	300		60	80	100	150
Employed within 12 months	300	100	40	60	80	130
Employed within 15 months	300	100	20	40	60	100
Not employed after 15 months	300	100				

Source: Ministry of Employment and Labor, 2017. http://moel.go.kr/view.jsp?cate=2&sec=1&mode=view&bbs_cd=001&state=A&seq=1482451255364 (in Korean). Accessed 3 October 2017.

The outsourcing budget increased from KRW45.4 billion in 2014 to KRW82.1 billion in 2015, and the number of participating PrEAs increased from 277 in 2014 to 420 in 2015. In 2015, 55 per cent of young adults who were employed through the participating PrEAs had monthly wages that exceeded KRW1.5 million and 47 per cent stayed in their jobs at least until the end of that year.

Table 3.3 Successful Employment Package: Budget and number of participating organizations, 2014–2015

	2014	2015
Budget (KRW)	45.4 billion	82.1 billion
No.	277	420

Source: Kyunghyang Newspaper, 11 Sep. 2016.

All four overall performance indicators of the Successful Employment Package increased between 2012 and 2013: the employment rate (in jobs with and without employment insurance), percentage of participants in receipt of a successful employment allowance and percentage of participants employed in jobs that pay over KRW1.5 million and provide job insurance (table 3.4). One peculiar feature of the programme outcomes in 2012 and 2013 is that no (or a negligible proportion of) participating young adults and middle-aged jobseekers maintained their employment for more than three months (as evidenced by their receipt of a successful employment allowance). This is a worrying development considering that the youth unemployment rate of more than 10 per cent is the highest in recent history.

Table 3.4 Successful Employment Package: Employment outcomes, 2012–2013 (per cent)

Indicator		Total	Recipients of national basic welfare	Low-income	Young adults	Middle-aged
2012	Employment rate	53.3	39.5	58.3	56.2	47.5
	Employment rate in jobs with employment insurance	40.6	29.9	45.4	43.9	33.6
	Recipients of successful employment allowance	15.8	20.0	34.3	0.0	0.0
	Employed in jobs that pay over KRW1.5 million and provide job insurance	11.3	4.7	10.6	16.9	8.8
2013	Employment rate	59.2	43.6	63.3	67.5	57.0
	Employment rate in jobs with employment insurance	45.5	33.9	51.0	52.3	39.9
	Recipients of successful employment allowance	16.1	22.8	38.7	0.0	0.0
	Employed in jobs that pay over KRW1.5 million and provide job insurance	14.7	6.3	14.1	21.8	10.9

Source: Lee et al., 2014.

3.1.5 Characteristics and factors contributing to success

Several factors have contributed to the achievement of good results and the effectiveness of the partnerships under the SEP.

First, the SEP increases its effectiveness by providing tailored services to participating jobseekers after their assessment and profiling. At stage 1, participants are evaluated based on their employment capability and are classified into one of four levels (A, B, C or D) (table 3.5).

Table 3.5 Successful Employment Package: Employment capability assessment levels

Level	Score	
A	Very low	Below 48
B	Low	48–57
C	Average	58–66
D	High	Above 67

Source: Ministry of Employment and Labor, 2016c.

The group counselling, vocational training and on-site interview counselling services are obligatory for participants assessed at level A, and group counselling is required for level B participants. Job training is generally limited for level C and D participants because they are considered already to possess basic job capabilities.

Second, the SEP provides incentives proportional to the length of time taken to gain employment, the size/scale of the workplace and job retention rate. To improve the effectiveness of the services, the participating organizations are paid larger incentives if the jobseekers are employed quickly, a high proportion of those employed work at places with 150 or more employees and the job retention rate is high.

Third, the SEP has demonstrated effective partnership through the synergy effect of the complementary relationship among three partners. The Government acts as the gateway through initial evaluation of participating jobseekers, assessment of the participants, and monitoring and evaluation of the services provided by participating organizations. The local government or universities advertise the programme, recruit participating jobseekers and form networks with related organizations to connect the participants. The PrEAs provide the employment support services to the participants.

Fourth, the number of full-time vocational counsellors has had a major impact on the employment rate among participating jobseekers. According to Oh et al. (2013), a ratio of participants to full-time vocational counsellors of about the mid-40s to one was the most efficient in increasing the employment rate of participants. Simply increasing the number of vocational counsellors did not necessarily lead to greater results. This implies that it may be critical for the Government to set standards for the required number of counsellors for participating PrEAs in order to maximize employment rates and minimize costs. Furthermore, Oh et al. found that increasing the number of competing PrEAs in a given region generally led to a decline in the total number of participants employed. The Government achieved better results by giving certain organizations a greater amount of support, rather than spreading support among many organizations.

The study also found that increasing the incentive pay for PrEAs linked to the successful employment of participants was more effective in increasing the employment rate than was increasing the base pay calculated on the number of participants. This incentive helps prevent organizations focusing on increasing the number of participating jobseekers, which would increase their total amount of base pay, and provides a greater incentive for the organizations to achieve employment results. Moreover, increasing the incentive, rather than the base pay, is important because there have been many cases in which participants have joined the programme simply to receive financial support and have taken part in programmes that are tailored to their personal interest and not beneficial to their employment prospects.

One lesson that has emerged from the challenges encountered by the SEP is that increasing the number of participating organizations to promote competition must be done in a controlled manner, because having numerous organizations to support with limited financial resources may lead to a decrease in the quality of service. A major challenge that

lies ahead is to determine the right balance to ensure that competition is beneficial for the programme.

3.2 The Employment Stepping Stone Program

3.2.1 Programme introduction

The Government established the Employment Stepping Stone Program (ESSP) to not only help participating young adults (age 15–34) find employment by providing high quality training (job training and internships) but also assist SMEs to find qualified workers. Because most SMEs do not have their own training facilities, equipment and instructors, the Government sought to assist by connecting them to large corporations and providing financial aid.

The Job Centers and Career Development Centers for the Creative Economy assist with publicity, job-matching and start-up support. Different types of programmes are provided, depending on the company or regional characteristics (table 3.6). In Type 1, big companies operate their own stepping stone programmes without any other cooperating organizations, and they hire some of the participants. In Type 2, big companies such as Samsung train the participants and the participating SMEs provide internship and/or employment opportunities. Type 3 is similar to Type 2 in that the big companies train the participants, but Type 3 operates at a more local level, with big companies cooperating with local SMEs.

Table 3.6 Employment Stepping Stone Program: Types of intervention

Type	Mode of participation	Examples
1	Big companies participate without cooperating organizations	Kakaotalk (Messenger app company)
2	Big companies participate with cooperating organizations	Samsung, SK, Hanjeon
3	Big companies participate with local companies and other cooperating organizations	LG.

Source: Ministry of Employment and Labor, 2016b.

Participating jobseekers aged 15–34 receive a training payment of KRW200,000 per month. Once they are employed, they receive employment support pay, which can be as high as KRW3 million. About 20 per cent of the employment support pay is provided one month after a participant becomes a permanent employee, 30 per cent is provided after six months and the remaining 50 per cent is provided one year later. Participating organizations receive payment for the training that they carry out (funds for facilities, programme development and so on).

3.2.2 Contract relations

The Job Centers do not form separate contracts with participating companies/public organizations to deliver the ESSP. The big companies/public organizations operate their own ESSPs, which are funded under various categories within the Employment Insurance Fund once the Government has acknowledged their services.

The MoEL provides vocational training operational fees and payment for facilities and equipment to the participating companies through the Employment Insurance Fund.

SMEs receive an intern support payment (KRW500,000–600,000 per month) for each intern they hire, and additional payment if they subsequently hire an intern as a permanent employee (KRW1.95 million six months after the intern becomes a permanent employee, and KRW1.95 million one year after the intern becomes a permanent employee).

The MoEL (through the Human Resources Development Service of Korea) evaluates and selects companies from among those that operate training centres for employees. Once a participating company has been selected, the MoEL provides it with up to KRW1.5 billion for facilities and equipment over the course of six years, and financial support for programme development (to a maximum of KRW100 million per year) and personnel and operational costs (to a maximum of KRW400 million per year). However, the participating companies must provide an additional 20 per cent of the amount provided by the government for facilities, equipment, personnel and operational costs. The MoEL also provides additional funding for training and training allowances for the participating individuals.

The employment and start-up support are administered through Job Centers, the University Job Creation Center and Center for Creative Economy and Innovation. The range of government support for the ESSP is shown in Table 3.7.

Table 3.7 Employment Stepping Stone Program: Government support

Category	Recipient	Type of support
Vocational training	Companies	Facilities and equipment expense (max KRW1.5 billion), administration expense (max. KRW300 million), training expense (actual expense)
	Young adults	Training payment (KRW200,000/month)
Internship for young adults	Companies	Internship support grant (3 months, SMEs KRW600,000/month, big companies KRW500,000/month)
Support to become permanent workers	Companies	Permanent worker support fund (KRW1.95 million 6 months after becoming a permanent worker, additional KRW1.95 million 1 year after becoming a permanent worker)
	Young adults	Employment support grant (max. KRW3 million, 20 per cent 1 month after becoming a permanent worker, 30 per cent 6 months after becoming a permanent worker, 50 per cent 1 year after becoming a permanent worker)
Employment and start-up support	Young adults	Employment and start-up fund through Innovation Center, Job Centers and University Job Creation Center

Source: Ministry of Employment and Labor, 2016b.

3.2.3 Nature and type of partnerships

The MoEL selects the companies to participate in the ESSP and provides financial support. The participating companies, along with Centers for Creative Economy and Innovation, recruit participants. The companies train or provide internship opportunities to the participants and SMEs hire those who have completed the programme. Thus, the relationship between the Government and big firms/public organizations can be considered to be complementary, and the intensity of partnership can be classified as coordination

3.2.4 Performance management and operational results

As of April 2016, 33 organizations participated in the ESSP—16 big companies and 17 public organizations.

Type	Participating companies/organizations
Big companies	Samsung, SK, LG, Lotte, Hyundai Motors, KT, GS, Doosan, Kakao, Posco, CJ, Hanjin, Hanhwa, Naver, Hyosung
Public organizations	Korea Electric Power Corporation, Korea Racing Association, JDC, Korea National Oil Corporation

Source: Ministry of Employment and Labor, 2016b.

The MoEL carries out performance evaluation of the participating companies/organizations that provide the training, in accordance with a common index and a specialized index. The common index includes assessment of training results (training participation, ability to maintain partnership with companies/organizations, number of trainees, training completion rate), cost effectiveness, customer satisfaction and employment results. The specialized index includes training equipment usage rate, percentage of high-skilled training and development of new types of training. The MoEL provides incentives to high-performing companies/organizations and it may cancel or limit the programme of ineffective companies/organizations.

3.2.5 Characteristics and factors contributing to success

An important characteristic of the ESSP is that it systematically carries out vocational training through cooperation among large companies/public organizations and SMEs. The participating young adults are provided with vocational training or internships through the high quality programmes and facilities of the large companies, and medium-sized firms are readily able to hire trained personnel.

Several factors that have contributed to the achievement of results and effectiveness of partnerships under the ESSP.

First, the ESSP has been a successful partnership because it allowed the participating companies/organizations to take advantage of their strengths. The big companies/public organizations, which have the facilities and equipment, provide vocational training tailored to the partnered SMEs and equip the jobseekers with skills they can use in the workplace. The partnerships among such firms is crucial to assessing what type of training is the most practical for participating jobseekers.

Second, the ESSP increases the employment retention rate by allowing the participating jobseekers to select the company they aspire to work for and then providing them with relevant training. This is more effective than providing general vocational training, as participants can learn skills that they will use in their desired workplace.

Third, it is important to note that one of the factors that allowed the Government to form partnerships with major South Korean business conglomerates such as Hyundai, Samsung and SK is that, in addition to giving the participating companies financial support for carrying out programmes, the Government allowed the companies to attach their company name to the programme (e.g. Hyundai Motors Employment Stepping Stone Program). Giving companies opportunities to use the ESSP for public relations purposes can be an inducement for big companies to not only participate in the programme but also operate the programme successfully.

The issue the ESSP must overcome, however, is that, while participants are able to gain much from the high quality training facilities and programmes of large companies and public organizations, they are less likely to go to work for SMEs after having experienced working in bigger firms. In addition, some criticize the fact that the big firms take advantage of the funds from the Government to train potential employees at SMEs that are their subcontractors. Such problems must be addressed to improve the ESSP.

3.3 Alternative Human Resources Bank

3.3.1 Programme introduction

The MoEL established the Alternative Human Resources Bank (AHRB) in 2014, to recommend appropriate candidates for companies expecting their employees to take leave for reasons such as childbirth, child-rearing, illness or education, or due to industrial accidents. The MoEL aimed to help women and other workers who exited their jobs for such reasons to continue their career even after a long period of leave and also to assist workers to maintain work–life balance.

The MoEL provides support to both organizations seeking workers and jobseekers. The AHRB helps companies minimize the length of a job vacancy. It also provides headhunting support for organizations that have been unable to find employees for a long period and assists them in analysing the reasons for their recruitment difficulties. The Bank provides free vocational training for jobseekers, job adjustment support and career development counselling for those who are employed, and on-site interview counselling and in-depth job placement support for those who have been unemployed for some time.

Type	Support
Substitute worker support fund for childbearing/rearing	Priority support companies: KRW600,000/month per person; big companies: KRW300,000/month per person
Substitute worker support fund for part-time employees	50 per cent of payroll expense of substitute workers (SMEs: max. 600,000 KRW/month; big companies: KRW300,000 /month)
Substitute worker support fund for injured employees (companies with fewer than 20 workers)	50 per cent of payroll expense of substitute workers (max. KRW600,000/month)

Source: Ministry of Employment and Labor, 2016a.

Both the jobseekers and employers seeking to recruit receive financial support. Companies receive KRW600,000 per month (big companies receive KRW300,000/month) when they hire a substitute for an employee on maternity leave. Those that hire a substitute for a part-time employee (limit of 600,000 KRW/month for SMEs and KRW300,000/month for big companies) or an employee on leave due to injury (limit of KRW600,000/month) receive about 50 per cent of the salary of the employee on leave.

3.3.2 Contract relations

The MoEL enters outsourcing contracts with for-profit and non-profit organizations to operate the Alternative Human Resources Bank. The organizations are selected every year, as the contracts last for one year. The MoEL provides operational funds, including for personnel, advertising, training, computer systems and administration. It also provides financial incentives (KRW1 billion).

3.3.3 Nature and type of partnership

The AHRB assesses the demand for substitute workers by various companies and organizations, recruits and trains substitute workers and carries out job-matching between the companies/organizations and workers.

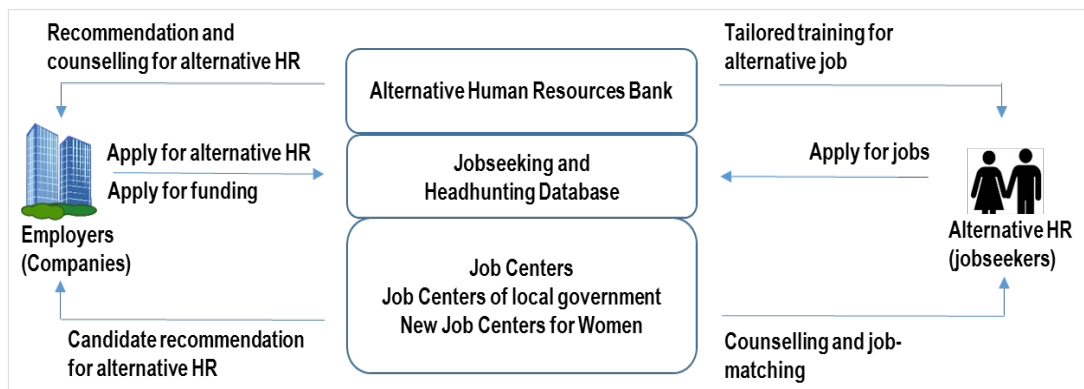
The AHRB is operated by for-profit and non-profit employment services agencies, which receive financial support for personnel, advertising, training, computer systems, administration and incentives (KRW1 billion) from the MoEL. The MoEL forms a selection committee every year to evaluate the business plan (validity, specificity and achievability) and operational capability (ability to find substitute workers, previous experience, professionalism of employees) of the potential partner organizations and makes selection decisions based on the assessments.

The AHRB has also been providing substitute-worker-related services through WorkNet, the Job Centers, New Job Centers for Women and local governments since 2015.

Various organizations play a role in the process of human resource replacement (figure 3.2). Government and local government Job Centers and New Job Centers for Women provide counselling and job-matching for jobseekers, and candidate recommendations for alternative human resources, as well as financial aid, to companies. Through the Jobseeking and Headhunting Database operated by the AHRB, jobseekers can apply for jobs and companies can apply for assistance in finding alternative workers. The AHRB provides tailored training for jobseekers and offers recommendations to companies as well as counselling for replacement workers.

As a result, the relationship between public and private organizations can be seen as mostly complementary, but in terms of job placement, which is the main function, the relationship can be seen as competitive.

Figure 3.2 Alternative Human Resources Bank operation



Source: Ministry of Employment and Labor, 2016a.

3.3.4 Performance management and operational results

Private AHRBs receive a set base payment every year for each category of expense, such as personnel, public relations and advertising, computer systems, jobseekers' training fees and incentives.

The MoEL operated one Alternative Human Resources Bank from 2014 to 2015, which operated mainly in Seoul. In 2016, it added another, which provides services to big cities such as Busan and Gwangju. Through the private AHRBs, 418 people were employed on short-term contracts in 2014 and 856 in 2015. On the other hand, 418 substitute workers

were employed through the WorkNet of Job Centers, New Job Centers for Women and local governments in 2015.

3.3.5 Characteristics and factors contributing to success

For the first time in Korea, the AHRB provided services to help employers find qualified substitute workers for those going on leave for reasons such as childbirth, child-rearing, illness and education, or due to industrial accident.

The AHRB was established quite recently, so the number of people finding employment through the Bank is small, but it has been steadily increasing and is projected to continue to increase. For those hoping to become alternative workers, it is more convenient to use the AHRB site. They could use WorkNet, but it does not fit their specific needs because it is geared to general jobseekers.

There are specific reasons for the relative success of the AHRB. First, the demand for replacement workers is increasing because of the rise in the number of workers going on maternity and childcare leave. The number of those going on maternity leave increased until 2012, but it has recently been decreasing due to the low birth rate, but the number of those going on childcare leave has been steadily increasing (table 3.10).

Table 3.10 Maternity and childcare leave, 2005–2014 (number)

Category	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Maternity leave	41 104	48 972	58 369	68 526	70 560	75 742	90 290	93 394	90 507	88 756
Childcare leave	10 700	13 672	21 185	29 145	35 400	41 733	58 136	64 071	69 618	76 831

Source: Yoon, 2015.

Second, by providing financial support, the AHRBs are providing major relief for SMEs, which, for financial reasons, find it difficult to hire substitute workers. Many companies simply choose to wait for their employees to return from leave rather than hire a substitute worker. However, by providing funds and headhunting services, which can be time-consuming and expensive, the Government provides a major incentive for companies to take advantage of the available services.

Third, the Government has improved the quality of AHRBs by establishing a competitive system with PES institutions such as the Job Centers, local governments and New Job Centers for Women. Because the AHRBs provide the same services as various PES institutions, they must maintain high quality services to stay competitive.

However, the AHRB must address the following issues. Because the Government restricts the duration of outsourcing contracts with the private organizations operating AHRBs to one year, it is difficult for such organizations to maintain qualified counsellors for a longer period of time and invest in facilities and equipment for the long term. Furthermore, the diversity of participating jobseekers is limited: 90 per cent are women, 85.4 per cent are in their 20s or 30s, 65.7 per cent have general office or social welfare jobs, and 70 per cent are employed in SMEs. More effort must be made to reach a greater pool of participants and expand the substitute employee services to different sectors (Ministry of Employment and Labor, 2016a).

3.4 New Job Centers for Women

3.4.1 Programme introduction

The employment rate for women shows an M-shaped pattern (figure 1.1). The employment rate goes up quickly from the age at which women graduate from high school or college, but it goes down after marriage/childbirth, and rises again for women in their 40s. Due to their long absence from employment as a consequence of child-rearing, many women then find low-income and/or non-regular employment. For this reason, the Government established the New Job Centers for Women in 2008 to help women seeking re-employment by providing comprehensive employment services such as job-matching, job training, counselling and follow-up management after employment.

The Ministry of Gender Equality and Family and the MoEL delegate to local governments responsibility for delivering the services directly or outsourcing them to universities or Women's Resources Development Centers. The Government oversees and evaluates the participating organizations.

The number of New Job Centers for Women increased from 72 in 2009 to 147 in 2015 (table 3.11). The reason the number of New Job Centers for Women increased every year is that the government sought to build offices in various areas to tailor to local needs and allow customers to have a one-stop service center.

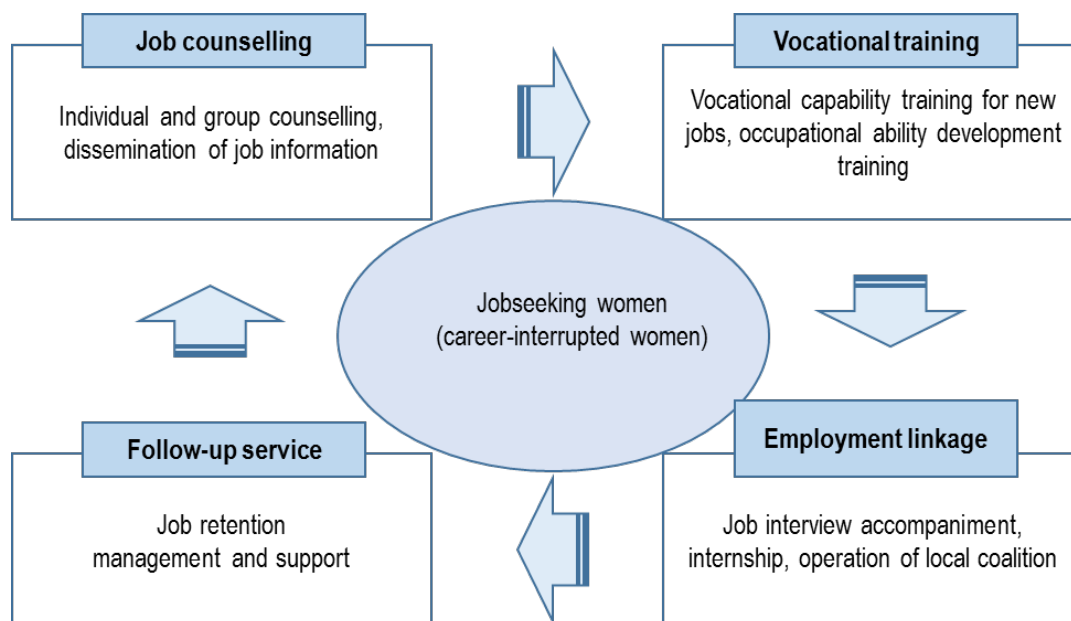
Table 3.11 New Job Centers for Women, 2009–2015 (number)

2009	2010	2011	2012	2013	2014	2015
72	85	98	110	130	140	147

Source: Ministry of Gender Equality and Women and Ministry of Employment and Labor, 2016.

The services are provided in four stages. In the first stage, a vocational counsellor provides job information and individual and group counselling and helps the participants determine a career path.

Figure 3.3 New Job Centers for Women: Services



Source: Ministry of Gender Equality and Family.

In the second stage, the participants are provided with vocational training tailored to their area of interest, to develop their job capabilities.

The general training is carried out by all New Job Centers for Women. The vocational training includes training tailored for jobs that have a high demand for career-interrupted women. Selected centres operate specialized training programmes that take a limited number of participants and include high-tech and high-value-added occupational training. In certain cases, the specialized training programmes are outsourced to universities or other expert organizations due to a lack of facilities/equipment in the centres.

In the third stage, participants are given internship opportunities to help them readjust to the workplace. The internship is for three months, during which time each participant is paid KRW3 million. After the internship, the participants are provided with job-matching services.

In the last stage, after a placement, the participants and their employers are provided counselling in employment to ensure a safe and stable career.

3.4.2 Contract relations

Organizations that will be contracted to operate a New Job Center for Women are selected after joint review by the Ministry of Gender Equality and Family and the MoEL. When establishing a New Job Center for Women in a particular district, the Ministry of Gender and Family Equality and MoEL, working in committee, formulate plans for its establishment and send them to the local government. The local government then publicizes the pending establishment of a New Job Center for Women, gathers candidate organizations and makes recommendations to the Ministry of Gender and Family Equality and MoEL. After reviewing the recommendations, the Ministries authorize them and the local government then draws up outsourcing contracts with the selected organizations for delivery of the employment services.

3.4.3 Nature and type of partnership

The Government determines the requirements and number of participating organizations, operational fee standards, budget, service content and target recipients. The relationship between the local government and outsourcing organization is complementary and the intensity of their partnership is coordination.

3.4.4 Performance management and operational results

Each New Job Center for Women is evaluated once a year (newly designated centres are not evaluated during the first year). The evaluation consists of quantitative and qualitative indicators; the weighted value of the various indicators vary depending on the centre's type (regular, career development, farming). Points are assigned against each evaluative category and the total score determines the centre's grade (A, B, C, D, E). Evaluative categories include business execution capability (6 points), counselling service (19 points), job training and internship (15 points), employment (45 points), after-service (5 points) and customer satisfaction (10 points). Grades are assigned accordingly: 90–100 is graded A; 80–89 B; 70–79 C; 60–69 D; below 60 E. A centre can lose its contract if it receives an E grade for two consecutive years or a D grade for three consecutive years.

There are set limits for the total budget by category (e.g. personnel and advertising). The Ministry of Gender Equality and Family and local government pay for the internship, vocational training and other operating costs, and the MoEL covers the group counselling programme fees. The participating organizations are evaluated under each category and given financial support based on their performance.

The performance data of the New Job Centers for Women show that the numbers of jobseekers, employee-seeking employers and persons employed have generally increased from 2011 to 2014 (table 3.12). While the number of participants increased rapidly, the percentage who were employed through the programme decreased. Nonetheless, the New Job Centers for Women are helping many women find employment. Moreover, for the four years reported, the number of registered vacancies consistently outstripped the number of jobseekers, although less than half of those vacancies (except in 2012) were filled through the programme. Further research and analysis is required to explain the apparent paradox. There are claims that the quality of jobs offered to this programme is low, and this could indicate part of the problem.

Table 3.12 New Job Centers for Women: Performance, 2011–2014

Year	Vacancies No.	Jobseekers (A) No.	In employment or start-up			Employed through the programme (B/A) %
			Total (B) No.	Employment No.	Start-up No.	
2011	237 133	186 940	117 370	115 794	1 576	62.8
2012	227 924	194 594	122 610	121 175	1 435	63.0
2013	233 115	209 530	107 652	106 590	1 062	51.4
2014	302 439	251 466	129 632	128 529	1 103	51.6

Source: Ministry of Gender Equality and Women, 2016

3.4.5 Characteristics and factors contributing to success

The New Job Centers for Women was established to provide a one-stop employment service for career-interrupted women who find it difficult to receive quality, tailored services because they lack access to them. The New Job Centers for Women is a rare case in which various government agencies (the MoEL, Ministry of Gender and Family Equality and local governments) share the operational budget and cooperate to provide services.

The New Job Centers for Women have succeeded in increasing the number of jobseekers and registered vacancies, and the number of women employed through their programmes. There are four main reasons for their success.

First, they provide tailored employment service packages, including vocational counselling and training, internships, job-matching and case management after employment. Second, they raise the employment rate of participants by first evaluating the vocational training and internship programmes relevant to their local region. Third, the outsourcing contracts can be cancelled on the basis of quantitative and qualitative evaluation, and the participating organizations are paid based on their performance by category (e.g. employment rate, training quality). A crucial factor is that participating organizations whose contracts have been cancelled are incentivized to improve their performance and re-enter the programme. An organization that did not receive the lowest grade (E) two years in a row or three years in total, or the second lowest grade (D) three years in a row, is automatically able to renew its contract, which provides an incentive for the organization to hire qualified experts and invest more in its programmes. Fourth, the Government operates various types of New Job Centers for Women (regular, career development, and farming and fishing), which are tailored to the needs of the local region. Each type has its own specific programmes and is evaluated differently from other types, both quantitatively and qualitatively, which allows it to provide more effective support for jobseekers.

There are certain issues that must be addressed if the New Job Centers for Women are to be improved. Although the numbers of participating jobseekers and registered vacancies is increasing, there has been a decrease in the employment rate. Furthermore, there is criticism that there has been a tendency for the programme to focus on short-term training, and a large proportion of those employed have been placed in low quality jobs. To address this issue, the New Job Centers for Women should consider increasing the duration of training and provide quality skills development so that participating jobseekers can be employed in high quality jobs.

Conclusion

Regulations and laws concerning employment services and ALMPs in South Korea began to be less focused on regulation and limitation from the mid-1990s, and the Government effectively began outsourcing employment services to private organizations from 2007. Although only a decade has passed since outsourcing began, the scope and scale of such services and businesses has expanded dramatically. However, the Government has been criticized for the overlap in the types of services provided by government agencies and for not monitoring service delivery and performance management efficiently.

In response, in 2013, the Government established a guideline for cooperation between the central and local governments. The Government also carried out various other measures, such as combining similar or duplicated services, prioritizing services for disadvantaged social groups and establishing a Job Gathering System to effectively record and examine the allocation of funds and services among various governmental departments and private organizations.

The paper has examined 27 partnerships with regard to the actors involved (public/private/third sector), nature of contract relations, intensity of collaboration, target audience, performance management systems, etc. The results show that the majority of partnerships are targeted at individual categories of vulnerable groups to ensure delivery of tailor-made services involving outsourcing contracts with private and third-sector organizations. The intensity of partnership is overwhelmingly coordination related, involving a complementary nature of relationships. Moreover, they tend to leverage the skills of different partners for increased efficiency and effectiveness, delivering a package of services to address multiple barriers. Based on the policy and political decision to deliver government policies and programmes through the participation of all eligible and willing stakeholders, the State has established a sustainable means of financing the programmes, principally from the Employment Insurance Fund but also from the central and local government budgets. Performance management systems have been developed and implemented to measure the impact of the services. The Government is increasingly tying payments to results, as evidenced by consistent reforms to reduce the basic payment in favour of performance-related payment as well as to the labour market readiness of the beneficiaries.

The four successful partnerships—the Successful Employment Package, Employment Stepping Stone Program, Alternative Human Resources Bank and New Job Centers for Women—have led to successful outcomes in terms of increasing employment. By tailoring services to programme participants, the Government and/or public or private organizations have increased customer satisfaction and have been better able to address the barriers to employment. Furthermore, the sufficient incentives and the competition among various entities involved in employment service delivery have played a role in improving the effectiveness of the programmes. Various aspects of the performance management system, including the threat of having contracts cancelled or not renewed on the basis of results, have ensured positive outcomes. Because the majority of the programmes have only been carried out for the last three to five years, it may be too early to claim that they are completely successful. Yet, as long as the problems that may arise in the operation and delivery of employment services are addressed, the programmes will continue to be effective. On the whole, the analysis of the South Korean experience in the design and implementation of partnerships for employment services and ALMPs point to a number of lessons.

1. The design, goals and range or depth of services provided by employment services should derive from and inform the overall employment policy framework. The shared

growth concept adopted after the 1997 Asian Crisis and the adoption of the 70 per cent employment rate informed the policy and design of employment services and ALMPs.

2. The legal and regulatory framework is critical to building a conducive institutional framework for implementation of employment services and ALMPs. The Framework Act on Employment Policy and the Employment Security Act specified the priority policy areas for the Government and the institutional modalities for implementation and participation of public, private and third-sector organizations.
3. A sustainable financing mechanism for the implementation of employment services and ALMPs is essential, to ensure not only sustainability of results but also effectiveness of delivery. All the 27 partnerships are financed from government resources, principally through the Employment Insurance Fund but also from the central and local government budgets.
4. A carefully designed performance management system, geared towards quality results, is imperative if the economic and social goals of ALMPs are to be reached efficiently. Korea has invested and continues to invest heavily in performance management systems, making them increasingly results oriented. Enforcement of sanctions is also necessary.
5. Designing programmes to meet the needs of specific groups and regions tends to deliver good results. Nineteen of the 27 partnerships are tailored to specific groups. This allows design of services that address specific barriers faced by the target group.
6. Delivering services as a package addressing several aspects of employability and other barriers may be more useful and successful. Eighteen of the 27 partnerships deliver a package of services to individual categories of labour market participants.

Appendix 1: Summary of ALMPs involving partnerships

1. Career Development Center for the Creative Economy

The Government established Career Development Centers for the Creative Economy to provide a one-stop employment service by combining employment-matching and support for start-up companies. The centres usually operate within particular departments within universities. The MOEL, universities, local governments and Career Development Centers for the Creative Economy cooperate to provide employment services to college students and graduates, as well as other people in their 20s.

The selected universities receive, on average, about KRW500,000,000 (\$450,000) every year for five years. The cost of services is shared by the Government (50 per cent), university (25 per cent) and local government (25 per cent). Twenty-one universities were selected to take part in the programme in 2015 and 20 in 2016.

2. College Youth Employment Center

With the support of the Government, selected universities establish College Youth Employment Centers to utilize the expertise of private organizations. The university provides the office space and another organization, such as a fee-based or non-fee based institution, hires and assigns consultants to run the centre.

The local labour offices of the MOEL appoint the universities and organizations and form a three-way agreement with them. The local labour offices oversee the College Youth Employment Centers and the Korea Employment Information Service evaluates their performance.

The number of universities selected to take part in the programme increased from 44 in 2011 to 53 in 2015, and 128 consultants were hired in 2015.

3. Visitation Program to Small and Strong Companies

The Visitation Program to Small and Strong Companies was established to help young (age 15–29) jobseekers be better prepared for the job market and also to recognize the potential of small and strong companies.

As of 2016, there were 891 companies that met the MoEL's wage, working hours and benefit standards for younger-generation-friendly small and strong companies. Local Job Centers provide funding and appoint organizations, such as fee-based and non-fee-based job-matching centers, employment information providers and non-profit organizations, to run the Visitation Program.

4. Youth Internship Program for Small and Medium-sized Businesses

The Youth Internship Program for Small and Medium-sized Businesses was established to help the younger generation prepare for the job market through internships and to increase the likelihood that they will be hired as permanent workers.

The MOEL selects organizations to carry out the Youth Internship Program through Job Centers. The selected organizations include, but are not limited to, universities, non-

profit organizations and fee-based job-matching companies. In 2016, 101 organizations were selected to participate in the programme.

5. Employment Stepping Stone Program

The Employment Stepping Stone Program provides high quality training (job training and internships) for participants by utilizing the training programmes of large corporations and public companies to actively support start-ups and employment in high performance firms. The Job Centers and Career Development Centers for the Creative Economy contribute to the programme with publicity, job-matching and start-up support.

In 2016, 16 large corporations and 17 public institutions participated in the programme.

6. Training Program for Employment in Small and Medium-sized Companies

The Training Program for Employment in Small and Medium-sized Companies assists young jobseekers—mainly college students in the humanities, social sciences, art, music and physical education fields—prepare for work in new and developing fields, including the information technology (IT) industry, through systematic training.

Organizations such as fee-based and non-fee-based job-matching centres, employment information providers and non-profit organizations deliver the programme.

7. Employment Academy

The Employment Academy seeks to support teenagers who need economic, social and psychological help as a consequence of, for example, their running away from home or dropping out of school, by providing tailored training to help them become independent.

The MoEL provides funding for the programme through the Human Resource Development Service of Korea, which selects organizations to deliver the services and provides oversight. The contracted organizations receive funding for training delivery and the trainees receive KRW300,000 (about \$270) self-reliance pay, which includes a training wage, and free housing. Eight Employment Academies and training programmes were established in 2016.

8. Youth New Deal Policy of Gyeonggi Province

Gyeonggi Province began the Youth New Deal Policy in 2005 to help those members of the younger generation (age 15–24) who are struggling to find jobs. The programme provides employment services such as tailored job training and externships for young jobseekers. The Government of Gyeonggi Province outsources the employment services to two or more private organizations each year.

9. Re-employment Center for Women

The Re-employment Center for Women provides comprehensive re-employment services, such as job-matching and training, counselling and follow-up management after employment, for women who had to quit their previous job for childcare or other family-related reasons. The Ministry of Gender Equality and Family and MoEL delegate service delivery to local governments. The local governments may carry out the services themselves or contract them out to entities such as universities or Women Resources Development Centers. As of 2016, there were 150 Re-employment Centers for Women.

10. Alternative Human Resources Bank

The Alternative Human Resources Bank recommends appropriate substitute workers for companies that expect their employees to be on leave or temporarily away from the workplace for reasons such as childbirth, child-rearing, illness or education, flexitime or due to industrial accident. The Alternative Human Resources Bank calculates the demand for substitute employees in advance and then recruits and trains employees to match them with organizations in need of workers.

From 2015, Job Centers, Re-employment Centers for Women and local government Job Centers provided job-matching services for replacement workers through WorkNet. In 2015, 418 people were employed through such services.

11. Career Development Center for Female University Students

The Career Development Center for Female University Students is an initiative by the Ministry of Gender Equality and Family to address women's structural employment issues, such as sexism in job recruitment and career discontinuity, by helping well-educated women adjust to the workplace and providing training through universities.

Five universities went through a trial run from 2003 to 2005, and 12 universities were supported in 2006; 13 were supported in 2016.

12. Job Recruitment Services for Disadvantaged Social Groups

Job Recruitment Services for Disadvantaged Social Groups seeks to promote the employment of members of particular social groups, such as the elderly and immigrants by reason of international marriage.

The MoEL contracts out employment services to private organizations and provides funding for service delivery. Non-fee-based job-matching companies and non-profit organizations may apply to carry out the services. Once selected, the organizations receive basic funding (personnel and operating expenses) and are paid performance-based incentives.

13. Hope Re-born Project

The Hope Re-born Project of the Ministry of Health and Welfare provides tailored jobs and case management to people on low incomes. The Ministry contracts out service delivery to organizations, which are paid on the basis of performance.

Participants in the programme are supported by a three-step process consisting of initial counselling, tailored recruitment preparation and job-matching.

The Ministry of Health and Welfare looks for organizations to take part in the project in cities, provinces and Central Self-supporting Centers. Selected organizations are contracted for up to three years (two years initially, with a one-year extension dependent on performance evaluation). Each case manager manages about 40 participants.

14. Return of Hope Project

The Return of Hope Project of the Ministry of Small and Medium-sized Businesses helps workers who worked in small companies that closed become re-employed, through education, vocational counselling, training and job-matching.

The project begins once the workplace begins the process of closing down. The participants receive support to become better prepared for the future recruitment process,

through 10 hours of training that includes information about the job market, successful cases of re-employment, and personal credit management.

15. Middle-aged Job Center of Hope

The Middle-aged Job Center of Hope was established to promote job security and solve the issue of a shortage of skilled workers in small and medium-sized businesses, by assisting mid-level skilled workers in their 40s or older to find new jobs and by providing counselling. Public and non-profit organizations have been designated as Middle-aged Job Centers of Hope. They receive government support to provide free job-search and training services.

The MoEL has outsourced the Middle-aged Job Centers of Hope to the Korea Labor Foundation, economic institutions and organizations that support the elderly. The number of centres has increased from six in 2012 to 31 in 2016.

The number of jobseekers, companies seeking workers and job placements through the Middle-aged Job Centers of Hope has increased consistently since they were established. The number of job placements increased from 947 in 2010 to 31,164 in 2014.

16. Human Resources Bank of the Aged

Public and non-profit organizations have been designated as Human Resources Bank of the Aged to provide free employment services to improve the vocational abilities of people in their 50s and older and provide them with greater opportunities for employment. As of 2016, the MoEL has contracted out such employment services to 49 organizations.

To improve the job-search and counselling capabilities of Human Resources Bank of the Aged, the MoEL determines the level of budget assistance according to their performance.

The number of job placements through the Human Resources Bank of the Aged has increased every year since its establishment in 1981, and rose from 72,438 in 2009 to 189,959 in 2014.

17. Middle-aged Employment Academy

The Middle-aged Employment Academy is an education programme designed to help workers aged 45 and older lead an active new chapter in their lives by finding new jobs of superior quality. The Academy offers career redesign, job training and job-matching services.

The MoEL provides the programme budget through the Korea Labor Foundation, which contracts out service delivery to private non-profit organizations, universities, job training centres and for-profit organizations and also provides oversight.

18. Middle-aged Social Contribution (re-employment) Assistance

Middle-aged Social Contribution Assistance was established to effectively tackle the issue of the aging population, by connecting retiring skilled workers of the babyboomer generation with social enterprises that are not able to hire workers due to a lack of funds.

The MoEL outsources service delivery to selected organizations and recruits participants. In 2016, 34 non-profit organizations provided Middle-aged Social Contribution Assistance services.

19. Senior Internship Program

Those who are unemployed and over the age of 49 are eligible to apply for the Senior Internship Program. Participating businesses or non-profit organizations that hire interns must have five or more employees. The duration of internships is set at three months, but this can be reduced, even after a contract is in place, depending on the financial status of the company.

The Job Center of the MoEL contracts out delivery of the Senior Internship Program to selected organizations and maintains supervision.

Senior Internships take place in various organizations, including economic institutions, cooperatives, free and fee-based job-matching organizations and public and non-profit organizations. In 2015, 71 organizations were selected to take part.

20. Support Center for Discharged Soldiers

The Ministry of Patriots and Veterans Affairs established the Support Center for Discharged Soldiers in February 2004 in accordance with the policy on support for discharged soldiers. The Center aims to help discharged soldiers who served for five years or more to adjust back into society.

The level of support for discharged soldiers has increased every year since it was established. In 2015, 6,843 people received support for start-ups (mainly to establish them), 7,265 went through job training and 115,643 received counselling.

21. Support Center for Retired Police Officers

The National Police Agency established the Support Center for Retired Police Officers in recognition that police officers find it difficult to invest time in personal human resource development because of their inconsistent and long working hours. The Support Center helps retiring police officers who seek employment in another field, by providing job counselling and job-matching. The National Police Agency contracts out service delivery to private organizations year by year.

22. Support Center for Foreign Workers

The Support Center for Foreign Workers help workers from outside Korea adjust to their new environment, through counselling, as well as language and cultural training. The Support Center for Foreign Workers also seeks to help small and medium-sized companies to better utilize foreign workers.

The MoEL gives funding to HRD Korea, which appoints, oversees and evaluates organizations contracted to deliver the services. As of 2016, there were eight large branches and 31 local offices of the Support Center for Foreign Workers.

23. Counseling Center for Foreign Workers

The Counseling Center for Foreign Workers provides a service to foreign workers and their employers, who may call at any time of the day to resolve grievances. The service is provided in 15 languages, including English, Vietnamese and Chinese. The MoEL provides funding to HRD Korea, which appoints, oversees and evaluates organizations contracted to deliver the service.

24. Successful Employment Package

The Successful Employment Package is a comprehensive employment assistance programme that provides individual employment support for up to one year for those on a low income, the elderly and members of the younger generation (age 15–29). Once participants are employed, they are provided with extra pay for successful (durable) employment to help them escape poverty.

The MoEL has outsourced the Successful Employment Package to private organizations. Local governments or universities form business agreements with private organizations to provide the Successful Employment Package to the target recipients.

The number of contracted organizations increased from 277 in 2014 to 420 in 2015.

25. Locally Tailored Jobs Creation Support Initiative

The Locally Tailored Jobs Creation Support Initiative began in 2006 in order to create local jobs and foster human resource development. At the local level, a consortium comprised of local government and employment-related non-profit organizations determines which businesses will have a large impact on local job creation, and provides financial support for such businesses.

The MoEL makes the final decision on which organizations will be contracted to the Initiative to provide employment services, based on recommendations made by the local government. The funding is covered by both the central and local governments.

26. Regional HRD Council

In each region, the Regional Human Resource Development (HRD) Council consists of organizations such as the Chamber of Commerce, Employers Federation, local governments, labour organizations, Job Centers, Small and Medium Business Administration and the local office of the Ministry of Education. The Council examines labour force supply and demand and uses the information to conduct training through a selected joint training centre. The Council also connects its participating member organizations to provide recruitment support.

In 2016, there were 16 Regional HRD Councils and 313 joint training centres.

27. Gyeonggi Province Occupation Center

The Gyeonggi Province Occupation Center is the main employment service organization in the Province, and provides job-related services for its residents. The local government outsources delivery of the counselling and training services to private employment organizations.

Appendix 2: Jobs permitted for worker dispatch

Korean Standard Classification of Occupations	Jobs permitted for worker dispatch	Remarks
120	Computer related professionals	
16	Administration, business and finance professionals	Excluding administrative specialists (161)
17131	Patent attorneys	
181	Archivists, librarians and related information professionals	Excluding librarians (18120)
1822	Translators and interpreters	
183	Creative and performing artists	
184	Motion picture, theater and broadcasting related professionals	
23219	Other electrical engineering technicians	
23221	Communications engineering technicians	
234	Draught persons including cad	
235	Optical and electronic equipment operators	Limited to assistants. Excluding clinical pathology technicians (23531), radiography technicians (23532) and other medical equipment operators (23539)
252	Education associate professionals, besides formal school education	
253	Other education associate professionals	
28	Artistic, entertainment and sports associate professionals	
291	Administrative associate professionals	
317	Office assistant clerks	
318	Library and mail related clerks	
3213	Debt collectors and related clerks	
3222	Telephonists and telephone number service clerks	Except for cases where it is the core services of the business concerned.
323	Customer related clerks	
411	Personal care and related workers	
421	Cooks	Excluding cooks working in tourist hotels under Article 3 of the Tourism Promotion Act
432	Tour guides	
51206	Petrol pump attendants	
51209	Other retail trade salesmen	

Korean Standard Classification of Occupations	Jobs permitted for worker dispatch	Remarks
521	Salesmen via telephone order	
9112	Building cleaners	
91221	Doorkeepers and watch persons	Excluding the jobs prescribed in subparagraph 1 of Article 2 of the Security Services Industry Act
91225	Parking place concierges	
913	Deliverers, porters, meter readers and related workers	

Source: Enforcement Decree of the Act on the Protection, Etc., of Dispatched Workers as amended (2011). Table 1. (Presidential Decree No. 15828, July 1, 1998).

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