

# EMPLOYMENT PLAN 2014

REPUBLIC OF KOREA



## CONTENTS

1. Employment and labour market outlook
2. Employment challenges for [the Republic of Korea]
3. Current policy settings and new commitments
4. Monitoring of commitments



## 1. Employment and labour market outlook

The Korean economy is showing a modest but steady recovery from the global economic crisis and our employment and labour market outlook is positive. The economically active population and the number of employed is growing continuously. Impressively, in 2013, the number of the employed increased by 386,000, and the employment rate was documented at 64.4%, the highest rate on record since data began to be recorded and compiled.

Of particular importance, our female labor participation rate and employment rate are rising fast after surpassing the previous highs, and employment among those in their 50's is also growing. Among industries, service industries, such as healthcare and social welfare services, are leading the employment growth, and employment in manufacturing is on the rise. Meanwhile, the job market for young people remains weak.

In 2014, the employment rate is expected to continuously increase as global and domestic economies improve.

**Table 1: Economic and labour market conditions, 2008 (LHS) and 2013 (RHS)**

	GDP growth		GDP per capita (USD terms)		Employment Growth		Employment to population ratio	
Republic of Korea	2.3	2.8	19,018	22,598	0.6	1.6	63.8	64.4
G20 Average								
	Unemployment rate		Incidence of long-term unemployment		Youth unemployment rate		Youth unemployment to population ratio	
Republic of Korea	3.2	3.1	0.4	0.4	7.2	8.0	N/A	N/A
G20 Average								
	Participation rate		Female participation rate		Informal employment rate		Collective bargaining coverage	
Republic of Korea	61.5	61.5	50.0	50.2	N/A	N/A	N/A	N/A
G20 Average								
	Minimum wage (% of median wage)		Gini coefficient		School completion rate		Literacy rate	
Republic of Korea	39	42.2(2012)	0.314	0.302	N/A	N/A	N/A	N/A
G20 Average								

**Table 2: Labour market forecasts for 2014**

Employment growth	Unemployment rate	Participation rate
1.8	3.0	N/A

## 2. Employment challenges for the Republic of Korea

Although our economic outlook is positive, Korea faces a few strong challenges, among them is the issue of jobless growth. The economic growth rate has been on a gradual decline, and the employment rate has been hovering between 63 and 64 percent for the past decade. Our economic structure which focused on export and manufacturing has weakened the ability to create jobs. The low productivity of small and medium-sized enterprises (SMEs) and the service industry, which are responsible for most of the jobs created, and our excessive reliance on male primary-earners working long hours are now hindering job creation. Other employment difficulties also persist, including the disruption of women's careers, the exceptional levels of higher education of young people and the early retirement of baby-boomers.

### CHALLENGE: [SUPPORTING JOB CREATION]

An analysis on factors behind the employment growth trends in Korea since the 1980s shows that the contribution of economic growth to the labor demand is declining (75.0% in the 80s → 62.5% in the 90s → 7.1% from 2001 to 2008). This is because the ability to create jobs through economic growth has weakened with technological advancement and the transition from labor-intensive to capital-intensive industries.

Moreover, due to economic growth focused on the export-led manufacturing sector, areas of high employment inducement coefficients, such as the domestic demand-oriented service sector, did not have an opportunity to develop. Furthermore, large businesses' high performance is not leading to the creation of more domestic jobs, and the wage and labor productivity gap is continuously widening between large companies and SMEs.

In order to maintain and boost the economy's ability to create jobs, our industrial structure needs to be transformed and innovated based on creating and actively participating in a creative economy. The government thus aims to support job creation through the promotion of business start-ups, laying the foundation for the creation of new occupations, nurturing innovative SMEs and developing a high value-added service industry.

### CHALLENGE: [REFORMING WORKING ARRANGEMENT AND WORKING HOURS]

According to the above-mentioned analysis on factors behind the employment growth trends since the 1980s, although the job creation ability of economic growth is continuously declining, the contribution of reduced working hours to employment growth has been greatly increasing (25.0% in the 80s → 37.5% in the 90s → 92.9% from 2001 to 2008). Working hours have been rapidly reduced since the 2000s, greatly contributing to employment growth recently.

The practice of working long hours has been prevalent in Korea, where the average employee annually works 420 hours more than the OECD average. Also of note, we have seen that our flexible work arrangements, including part-time work, are about 10 percent less than those of advanced countries.

In response, the government has been making pan-government efforts to achieve three major goals related to working hours which are: reducing working hours, creating part-time jobs and promoting widespread flextime. We believe that reduced working hours and more widespread flextime would help promote work-family balance, cultural consumption and higher domestic demand, thus creating jobs, including part-time jobs in new sectors.

### CHALLENGE: [SUPPORTING THE PARTICIPATION OF THE ECONOMICALLY INACTIVE POPULATION IN LABOR MARKET]

In Korea, more than 3 million people remain economically inactive despite their ability to participate in the labor market. It is essential to help the working poor and the economically inactive participate in the labor market to increase the employment rate. The government aims to remove obstacles to these groups' access to the labor market to ensure their participation in the labor market.



For the working poor, it is important to support them to lift themselves out of poverty through work by providing them with welfare-to-work employment services.

Due to the practice of working long hours and insufficient childcare services, women, including those with college education or higher, still experience career disruption (an M-shaped career curve). It is necessary for the government to help prevent women's career disruption and create a culture of work-family balance.

More young people are attaining higher education levels, continuously increasing the age of labor market entry. For young people, the Korean government aims to implement various programs to help them enter the labor market, especially through addressing skills mismatches.

The elderly tend to leave their jobs early and start their own small business or take on other low-paying jobs. Considering the aging population and the growing elderly population, the government is going to provide support for the retirement age extension and re-employment after retirement.



### 3. Current policy settings and new commitments

On June 4, 2013, the Korean government announced the creation of a roadmap to achieve a 70% employment rate focused on the policy challenges mentioned in Chapter 2. That is, the government declared the achievement of a 70% employment rate as its top priority, recognizing that providing jobs for people who want to work is one of our largest responsibilities and that raising the employment rate could be the key to overcoming the crisis of population aging and low fertility rates. The Korean government aims to achieve a 70% employment rate by 2017 through increasing the female employment rate to 61.9% and the youth employment rate to 47.7%.

The roadmap contains implementation plans under four strategies.

#### *Strategy 1. Creating Jobs through a Creative Economy*

Business start-up is a crucial part of a creative economy, so the government aims to generate jobs by laying the foundation for business start-ups, creating favorable conditions for business start-ups and supporting the technology commercialization of creative ideas.

With the goal of originating 500 wholly new occupations by 2017, the government plans to seek out these new occupations, discover and nurture new industries through fusion and convergence, then legalize them by relaxing regulations which may stand in the way of new occupation creation.

With the aim of increasing the number of SMEs from some 1,400 as of 2011 to 4,000 by the end of 2017, the government plans to nurture innovative SMEs and strengthen SMEs' ability to create jobs through support measures for them.

To enhance the service industry's productivity and create decent service sector jobs, the government plans to develop a high value-added service industry by easing regulations in medical care, education and healthcare and double existing R&D investments in the service sector by 2017 compared to 2012.

#### *Strategy 2. Reforming Working Arrangements and Working Hours*

The government aims to spread the culture of work-family balance and create decent part-time jobs at the same time by addressing the practice of working long hours and spreading flextime. The measures are explained more in detail under the heading of 'labour market regulation' below.

#### *Strategy 3. Boosting Employability of the Economically Inactive Population, including Women and Youth*

To support the working poor and the economically inactive to stand on their own through work, the government plans to strengthen welfare-to-work employment services and active labor market programs. For women, the government aims to avert their career breaks by having the childcare leave system take root, promoting a culture of gender equality and expanding childcare services and increase their re-employment opportunities by creating decent part-time jobs. To support young people to enter the labor market early, the government plans to introduce a work-study dual system, build and spread a competency-based hiring system and address mismatches between youth (job seekers) and SMEs (employers). To make sure elderly workers stay long in their jobs and get a new job after retirement, the government is going to support the establishment of a mandatory retirement age of 60 and actively encourage the planning of life-after-retirement and re-employment.

The measures for boosting employability of the economically inactive population are explained more in detail under the heading of 'Policy measures targeting labour market disadvantage' below.

#### *Strategy 4. Social Solidarity and Increased Accountability for Job Creation*

As a paradigm change in job creation requires cost-sharing by labor, management and the government, the government will make sure that the tripartite social partners share the burden and become more accountable for their roles. In May 30, 2013, labor, management and the government agreed upon the Tripartite Jobs Pact, which is expected to serve as a powerful engine for achieving a 70% employment rate. For continued social dialogue based on the Pact regarding the details of job creation goals, there will be efforts to strengthen the roles of the Tripartite Commission and reform it at the same time.



## BROAD ECONOMIC SETTINGS

The Korean economy has recovered gradually since mid-2013 and the Korean financial market was relatively stable amid last summer's market turmoil. The GDP growth is estimated to strengthen further from 3.0% in 2013 to 3.9% in 2014 despite downside risks including emerging market slowdown and tightening in the global financial market. Domestic demand, however, is still weak in part due to high household debt and uncertainty surrounding the outlooks, which weigh on both consumption and investment.

Against this backdrop, the short-term policy objective is to close a cyclical gap through proactive macroeconomic policies. IMF forecasted that negative output gap remains at 0.6% in 2013 and 0.5% in 2014. The medium-term policy objective is to boost potential growth from around 3% in 2013 to around 4% in 2017 by implementing Growth Strategies based on our Three-year Plan for Economic Innovation.

Korea aims to lift GDP by more than 2%, going above the trajectory by closing a cyclical gap and enhancing growth potential. The positive spillovers from other countries' reform efforts are expected to contribute to further growth. Through the Comprehensive Growth Strategy including the Three-year Plan for Economic Innovation, Korea intends to achieve the goal of around 4% growth potential and a 70% employment rate, while providing a basis for USD 40,000 GDP per capita by 2017.

### Macroeconomic policy

**Fiscal Policy:** In May of 2013, a supplementary budget of KRW 17.3 trillion was adopted. Complementary measures of KRW 3.8 trillion, including restructuring the fund management plan and increasing public institution's expenditure were also implemented. Importantly, around 60% of the 2013 budget was executed in the first half of the year.

**Monetary Policy:** The Bank of Korea has been creating accommodative monetary policies. Amid an uncertain global outlook and subdued inflation, the policy rate has been kept at 2.25% following a 25 basis point cut in May 2013.

**Risk management:** The government strengthened monitoring on downside risks including financial market instability and also updated contingency plans.

At the same time, the government has continued its structural reforms efforts including implementing the 70% Employment Rate Roadmap and the Action Plan for Creative Economy. However, the structural weakness of the Korean economy still remains to be addressed.

### Regulation, finance, incentives, investment and entrepreneurialism

**Investment and Infrastructure:** The Korean government seeks policy measures to promote investment and expand infrastructure investment based on the Three-year Plan for Economic Innovation. Policy measures to promote investment include reforming our regulation system, reactivating business projects which were previously suspended due to strict regulations, increasing R&D investment, as well as boosting ventures and start-ups. In order to expand infrastructure investment, the government also seeks to improve the system of public-private partnership. These policy measures will contribute to an increase in investment, thereby strengthening economic growth and promoting job creation.

### Job creation by realizing creative economy

#### *Promoting start-ups*

Support programs for start-ups will be reformed to shift their focus from providing loans to making investments. The government will create an environment that allows businesses to have a second chance, for example by promoting M&A and abolishing joint surety. The Idea Rich Start-up Project which aims to help ordinary people to research, develop, patent and commercialize their ideas, will be launched to kick off a start-up boom.



### Nurturing SMEs

Similar or overlapping SME support programs will be integrated or transformed into programs that strengthen the ability of SMEs to create jobs. To compliment this, budgets for SMEs support programs will be analyzed and adjusted from 2014. A total of 1,124 SME support programs are currently run by 13 government agencies and 16 local governments.

The government and government-funded research institutes will be obligated to share their R&D results with SMEs, and spend a certain proportion of contributed funds on cooperation projects for SMEs. The government will introduce measures to facilitate SMEs' growth into well-established medium enterprises, one example of this will be the government's continued efforts to remove many of the difficulties SME's may face while growing their businesses.

### Building capacity in the service sector

The government will ease key regulations on medical services, education and health care, and open up public-sector information to promote high value-added service industries. Service-sector R&D investment will be doubled by 2017 (76.7 billion won in 2012). The government will closely manage the creation of creative service jobs in five selected areas, including culture and convergence, by assessing actual job creation against each government agency's target through a separate employment impact assessment.

## LABOUR MARKETS AND SOCIAL PROTECTION

### Labour market regulation

In its efforts to achieve a 70% employment rate, the Korean government has been implementing reforms in labor market regulations to enhance the quality of jobs. The government aims to address the unhealthy yet common practice of working long hours through revising laws and regulations. We are also planning to adopt laws and regulations extending the coverage of social insurance programs to protect part-time workers, thus addressing discrimination against part-time workers and strengthening the protection of their rights. Furthermore, we will make continued efforts to create decent jobs by strictly enforcing statutory labor standards, including the payment of a minimum wage to all workers.

The following points cover a number of initiatives which the government of Korea is currently undertaking.

- ✓ Revising laws and regulations to reduce excessive working hours and holiday work to a reasonable level.
  - Including holiday work in the category of overtime so that the limitation on overtime applies to holiday work.
  - Adjusting the type of occupations to which special provisions on working hours are applicable
  - Making special medical check-ups for employees mandatory at enterprises with frequent overtime or night work.
- ✓ Creating and promoting decent part-time jobs.
  - Carrying out intensive labor inspections concerning employers' undue discrimination against part-time workers and failure to enroll employees in the four major insurance programs.
  - Planning to stipulate in the law the *pro rata temporis* principle for part-time work.
  - Executing labor inspections at workplaces employing a large number of part-time workers.
  - Planning to introduce legislation on the protection of part-time workers and the promotion of part-time work, in general.
- ✓ Promoting compliance with statutory labor standards, including the minimum wage.
  - Strengthening economic sanctions against employers violating the minimum wage and introducing a fine



- against employers who delay wage payments intentionally and repeatedly.
- Establishing reasonable criteria for the increase rate of the national minimum wage and the optimal minimum wage.
- Innovating labor inspection administration and systems to protect vulnerable workers
- ✓ Improving occupational safety and health
  - Strengthening the management of high-risk workplaces, such as construction sites and chemical factories
  - Planning to impose stricter punishment on main contractors when their subcontractors violate laws related to occupational safety and health and firmer requirements for the outsourcing of harmful and hazardous work
  - Strengthening the support for occupational safety and health in small sized companies and the protection of workers, including foreign workers and newly placed workers, from industrial accidents
  - Continuing education and campaign as a way of establishing a culture of workplace safety and health
- ✓ Addressing labor market dualism
  - Changing the working status 65,000 non-regular workers in the public sector into regular status
  - Helping non-regular workers in the private sector gain permanent employment status and narrow gaps between regular and non-regular workers by requiring companies to regularly report the employment status of their employees, as well as introducing guidelines for the employment security of non-regular workers

## Social protection

Korea has four major social insurance programs. However, small enterprise employers and employees have been choosing not to join the insurance programs, worrying about cost burden, income being disclosed or welfare benefits being cut. As a result, workers are unprepared for unemployment or life after retirement, making it urgent to introduce more systematic and specific protections. To make sure vulnerable groups are covered by a social safety net, the government has decided to subsidize the insurance premiums and has revised a relevant law. Under the revised law, the government has covered part of social insurance premiums for about 1.4 million people as of late 2013.

With the types of working arrangements becoming more diverse, an increasing number of people are engaged in special types of work. In courier services, where the risk of accidents is high in particular, the numbers of workers have rapidly risen. In response, the government has expanded the coverage of the workers' compensation insurance to include people in special types of work who are in urgent need of protection from accidents. The government is also considering expanding the coverage of the employment insurance to cover people in special types of work in which workers have highly dependent relationships with their supervisors.

For the poor, the government plans to reform the benefits system of the National Basic Living Security program to make work pay and expand the scope of preferential beneficiaries of employment services to ensure self-reliance and self-support through work.

The following points cover a number of initiatives which the government of Korea is currently undertaking.

- ✓ Strengthening social safety net for people in special types of work
  - Planning to apply the employment insurance to workers engaged in highly dependent types of work after a fact-finding analysis is undertaken.
  - Improving the insurance system to make sure an exception can be made to application only when there are specific reasons, such as business shut-down, and expanding the scope of beneficiaries.



- ✓ Establishing a benefits system that encourages people to work
  - Reforming the National Basic Living Security system to make it more favorable to people working in the labor market than the recipients of the benefits who don't work.
  - Introducing different selection criteria and supports based on the types of benefits, such as living, residence, education and medical benefits, as well as connecting and integrating support programs of different types for low-income groups.
  - Expanding the coverage of earned income tax credits to include basic living support recipients, increasing asset-building support to cover people just above the lowest income level as well as participants in the Self-Support Program.

### Active labour market programs

Employment services are a key element of the national infrastructure. The Korean government runs a comprehensive system of employment services covering employment information, job placement, career guidance and vocational skills development to support individuals' career choices throughout their life, and businesses' effective use of human resources. Furthermore, the government has been seeking innovations in employment services after setting the advancement of employment services as a national goal.

The following points cover a number of initiatives which the government of Korea is currently undertaking.

- ✓ Improving employment services.
  - Enhancing vulnerable groups' access to employment services.
    - Establish more job centers: In response to the growing demand for employment services, the government is strengthening employment infrastructure by making more job centers available.
    - Cooperation: Cooperating with relevant public and private institutions, to utilize their expertise, so as to provide customized services that suit the needs of recipients.
    - Nurturing private employment services: The government has been focusing on enhancing the competitiveness of private employment services by strengthening their fundamentals and easing regulations.
  - Increase the quality of employment services
    - Strengthening the expertise of counseling personnel: The government has been striving to increase the number of available counselors as well as to enhance counselors' competence to provide in-depth counseling and comprehensive case management.
    - Setting standards for services to ensure that all job agencies provide job-seekers with consistent levels of employment services.

The Korean government has been working hard to create and enact a better Employment Success Package which would facilitate the working poor and the economically inactive to effectively enter the labor market.

- ✓ Strengthening institutions to facilitate the labor market entry of the working poor and the economically inactive
  - Giving priority to low-income individuals with the ability to work, in providing Employment Success Package services, to help them build competencies to get a job in the current labor market
- ✓ Strengthening customized programs for youth, women and welfare benefit recipients to improve their employability.



## Policy measures targeting labour market disadvantage

### Women

- ✓ Eliminating career disruption factors and creating a culture of work-family balance
  - Promoting childcare leave
    - Raising the age of young children considered in parental leave coverage from 6 years old to 8 years old.
    - Increasing the amount of subsidies for childcare leave replacement
    - Providing incentives for men to take childcare leave, starting from October 2014.
  - Expanding the working-hour reduction system during the child-rearing period.
    - Increasing employees' pay for choosing working-hour reduction during the child-rearing period instead of taking an official childcare leave
    - Extending the period during which workers can use the reduced working-hours beginning in 2015
  - Strengthening the effectiveness of affirmative action (AA) measures
    - Announcing the list of businesses which regularly fail to meet the AA quota beginning in 2016
  - Providing more workplace childcare centers
    - Expanding childcare services by providing more support for the establishment of workplace childcare centers in industrial complexes.
  - Running a Work-Family Balance campaign to promote working-hour reduction, a culture of work-family balance, and to move away from a male-dominated working culture.

### Youth

- ✓ Education & Training Stage: Focusing on addressing skills mismatches
  - Implementing a work-study dual system starting from 2014, under which businesses hire young people as 'learning' workers and train them with programs that reflect the businesses' needs.
  - Planning to select qualified institutions as joint dual training centers and providing them with up to 2 billion KRW in training infrastructure subsidies, to encourage the participation of young people and SMEs in the work-study dual system, provide them with off-site training and support for the development of training programs.
  - Reforming current practices to ensure all training courses are provided based on National Competency Standards (NCS) and focused on the needs of industrial sites, while building an integrated evaluation system for the quality management of training, in order to enhance the quality of vocational training and address skills mismatches.
- ✓ Job-Search & Employment Stage
  - Providing more job information in various locations both online and offline to address information gaps between young people and businesses seeking employees.
  - Expanding the target of earned income tax credits from students to young people aged 18 to 24, to motivate low-income youths to work and support their employment.
  - Providing support in finance, tax and procurement, such as prime rates by public financial institutions, preferential treatment in the government procurement market, for businesses employing a large number of young people aged 15 to 29.
- ✓ Continuous Service & Job Change Stage



- Providing more subsidies when businesses participating in the youth internship program convert their interns into regular status employees: After the conversion into regular employment status, the government offers subsidies in proportion to the length of continuous service and extends the period of financial support.

#### *People with Disabilities*

- ✓ More Job Opportunities for the Disabled
  - Raising the mandatory employment quota for people with disabilities as public officials.
  - Reflecting the employment status of the disabled in the evaluation of public institutions, including government agencies.
  - Setting a new mandatory employment quota for people with disabilities in the private sector.
- ✓ More Customized Support for Employment
  - Providing customized employment support for students and young people with disabilities, as well as individuals with severe disabilities.
- ✓ More Opportunities to Enhance Employability through Vocational Training
  - Expanding customized training that satisfies the needs of businesses with the duty to hire people with disabilities and specialized training for people with severe disabilities based on the types of disabilities they have.
  - Increasing training facilities within cities to provide easier access to training for people with disabilities.

#### *The Middle-aged and Elderly*

- ✓ Support for full-fledged implementation of the minimum retirement age of 60
  - Providing subsidies to companies which extend their retirement age in order to encourage early adoption of the minimum retirement age of 60
- ✓ Support for life planning after retirement
  - Introducing the right to demand shorter working hours for people aged 50 and older to help them plan for life after retirement (the bill pending before the National Assembly as of August 2014)
  - Introducing a Second Career Support Program which provide mentoring, vocational training and re-employment services to retirees (from the second half of 2013)

## SKILLS DEVELOPMENT

In Korea, a major cause of the low youth employment rate is the skills mismatch between young people and businesses. The government believes that this results from vocational education and training failing to reflect the needs of industries. To address this, the government plans to promote the work-study dual system, which is a hands-on training system designed based on National Competency Standards (NCS), reflecting business needs. The government also aims to implement customized education and training led by regional HRD committees for regional industries.



## School education

- ✓ **Current situation:** gaps between what college majors provide and what companies require.
- ✓ **Government response:** Providing customized training that reflects business needs.
  - Expanding customized classes for business needs, taught at schools close to industrial complexes and building dialogue channels. Enrollment in these courses could lead to employment in the industrial sector.
- ✓ **Current situation:** Training programs have failed to reflect business needs.
- ✓ **Government response:** Expanding hands-on training at well-equipped businesses.
  - Implementing onsite training earlier at businesses equipped with a hands-on training infrastructure among those companies adopting the dual system.
- ✓ **Current situation:** Little connection between education and employment.
- ✓ **Government response:** Promoting the work-study dual system.
  - Further promoting the dual system to high school and college students.
  - Carrying out pilot projects at public institutions and spread best practices.
- ✓ **Current situation:** Little opportunity for vocational education given to general high school graduates who do not go to colleges
- ✓ **Government response:** Providing them with high-quality vocational training opportunities.

## Apprenticeships, vocational training and higher education

- ✓ **Current situation:** Too many small training facilities which have little connection to employment opportunities.
- ✓ **Government response:** Improving the effectiveness of training through more rigorous and consistent evaluations.
  - Enhancing the quality of training and its connection to employment through stricter entry requirements and evaluation systems for training facilities.
- ✓ **Current situation:** Most training programs are targeted at the currently employed and a small number of certain types of occupations.
- ✓ **Government response:** Newly establishing specialized and advanced training courses only for young people.
  - Providing more training support for unemployed young people and running specialized programs for each target group to enhance the quality of training for the youth.



## 4. Monitoring of commitments

This section reports on the implementation of Korea's commitment made under recent G20 presidencies, including the Los Cabos Jobs and Growth Plan and the St. Petersburg Action Plan. In the 2012 Los Cabos Action Plan, the Korean government made commitments towards providing more employment opportunities for women and promoting their labor market participation by providing more childcare services, and providing more employment opportunities for people with disabilities by reforming the benefits system. In the 2013 Saint Petersburg Action Plan, the government committed to increasing female and youth labor market participation by expanding childcare services, introducing apprenticeships and supporting SMEs to hire young people with the aim of achieving a 70% employment rate.

### *Women*

In efforts to promote female employment and prevent the disruption of their careers, the government has increased the age of children covered by the childcare leave from 6 or younger to 8 or younger. These changes took place in January 2014. In 2014, the government laid legal basis to announce the list of businesses failing to meet AA quotas. Additionally, in 2013, support was expanded for establishing workplace childcare centers in industrial complexes.

This year the government has unveiled our Plan to Support Working Women's Career Maintenance at All Stages of Their Life. This plan includes encouraging male employees to use childcare leaves and take full advantage of the incentives which are included in their childcare leave package which will be available beginning in October 2014. Another way in which this plan supports our citizens is that it provides more support for employers hiring people to replace the employees on a childcare leave by offering specialized employment services through a Replacement Workforce Bank and increasing the amount of subsidies for those employers. The government is undertaking outreach to promote work and family balance through the Work-Family Balance campaign which began in February 2014.

### *Youth*

In efforts to build a skills-based society and increase employment opportunities for youth, the government began to develop National Competency Standards (NCS)-based learning modules and came up with 254 NCSs in 2013. At the same time, we introduced the work-study dual system and started a pilot project which involved 101 businesses.

### *People with Disabilities*

The government has increased opportunities for people with disabilities to find work and enhance their employability through vocational training and expanded customized and specialized training based on the type of disabilities individuals live with. The government has also expanded training facilities within cities.

As of last year, the government provided on-location training for 642 disabled college students. We provided specialized training for 352 people with disabilities and individually customized training for 962 people with disabilities. We provided additional job placement services for 1,765 people with severe disabilities, successfully. And importantly, every year, the government announces and publishes a list of businesses that failed to meet the employment quota of the disabled.

This section reports on Korea's implementation of commitments made in relation to the G20 Strategies for Youth Employment through the G20 Labour and Employment Ministers Conclusions in 2012.

To address the low youth employment rate, the Korean government originated a comprehensive youth employment plan, From School to Workplace: Measures to Support Youths at Every Stage of Employment, in April 2014.

The Plan is designed to provide young people with customized support for every stage of employment, such as 1) education & training, 2) job-search & employment, as well as 3) continuous service & job change, with the aim of helping youth to find work earlier and motivating young people to work continuously.

#### 1) Education & Training Stage

This year, the Korean government has begun to implement the work-study dual system, where businesses hire people as 'learning workers' and train them with programs reflecting business needs. This system has been designed to help young people enter the labor market earlier. To encourage the participation of SMEs, which lack an onsite training

infrastructure, the government plans to designate qualified institutions as joint training centers for each region and provide each center with up to 2 billion KRW in support for the establishment of training infrastructure.

To enhance the quality of vocational training and address skills mismatches, the government plans to create all training courses to be based on National Competency Standards (NCS), focused on the needs of businesses and to additionally build an integrated evaluation system for the quality management of training.

## 2) Job-search & Employment Stage

The government is providing more information online and offline through various means to address the information gap between young people and businesses which could become their potential employers. To motivate young people from low income backgrounds to work and to provide them support, the government has expanded the target group of earned income tax credits for students and young people aged 18 to 24. For businesses hiring a large number of young people aged 15 to 29, the government provides support in finance, tax and procurement, such as prime rates by public financial institutions and preferential treatment in the government procurement market.

## 3) Continuous Service & Job Change stage

The government provides larger amounts of subsidies when businesses participating in the youth internship program convert their interns into regular status. After the conversion, the government provides subsidies in proportion to the interns' length of service and extends the period of financial support. For high school graduates employed in an SME, the government offers continuous service incentives at the end of the year of service for up to three years.

This section reports on measures taken by the Korean government in regard to the recommendations of the 2010 'A skilled Workforce for Strong, Sustainable and Balanced Growth: A G20 Training Strategy' and 'Key Elements of Quality Apprenticeships'.

The government considers that vocational education and training failing to meet business needs have caused skills mismatches between young people and businesses, which is a major factor behind the low youth employment rate. To address the issue, the government has been implementing a work-study dual system since September 2013 with the belief that the fundamental solution is to shift toward a training system where businesses are directly involved with training the workforce.

The dual system is a type of work-based learning, which hopes to closely mirror the kinds of apprenticeship training programs which are currently taking place in Germany and Switzerland, while addressing Korean culture and market realities. Through this system, businesses hire people and offer practical and theoretical education in a systematic way, thus providing work and learning for their employees.

After the introduction of the system as a pilot project in the second half of 2013, the government now plans to select 1,000 businesses as fully-fledged participants, subsidizing the establishment of their training infrastructure and their training costs. Furthermore, the government aims to expand the system every year with the goal of increasing the number of participants to a cumulative figure of 10,000 by 2017.

As of April 2014, 570 businesses have been designated as participants, and 63 of them (involving 337 learning workers) have started to provide training after completing the development process of training programs.

