

Yun, Heesuk

**Research Report**

## Ways to Improve Job Training Policies for the Jobless

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## KDI FOCUS

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**For Inquiry:** KDI Communications Unit

**Address:** 15 Giljae-gil, Sejong-si 339-007, Korea

**Tel:** 82-44-550-4030 **Fax:** 82-44-550-0652

**Writer** | Heesuk Yun, Fellow (82-44-550-4689)

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## Ways to Improve Job Training Policies for the Jobless

Heesuk Yun, Fellow at KDI

**"In order to ensure that government policies do not produce government failure that impedes the vitality of the market and keeps disadvantaged individuals from becoming self-sufficient, the public assistance system needs to be reorganized, welfare programs that overlap different ministries should be linked, and appropriate performance indicators should be designated that do not distort the way public servants work."**

**Only 34 percent of individuals who participate in the Job Training Account Program for the jobless are hired, and 69 percent of those who are hired find jobs in industries that do not correspond to the area in which they received training.**

Korean government programs in the area of job training for the unemployed (and in particular the Job Training Account Program) have had lackluster results in helping people find jobs. That is to say, these programs have been unsatisfactory at achieving their two objectives of increasing the flexibility of the economy and helping individuals adapt more easily to fluctuations in the labor market. Only 34 percent of individuals who take part in Job Training Account Program for the jobless are hired, and most of the people who do get hired find work in industries that are unrelated to the one in which they received training.

Recently, the government has been working to increase the role of the market by giving the providers more authority to set their own prices of training courses. This is the result of the government's acceptance of criticism that excessive price controls were to blame for the low quality of training and for the disconnection between supply and demand for training courses. However, the basic conditions required for market forces to function are

\* This is the translated version of *KDI FOCUS* released on September 30, 2014.

that consumers must seek better quality and lower prices, and that suppliers who fail to attract consumers must be forced out of the market.

Over the past few years, the rapid expansion of welfare programs has made it possible to receive job training free of charge, making it more difficult for market mechanisms to function in the sector of job training for the unemployed. The majority of unemployed individuals receiving job training are beneficiaries of employment welfare programs, are provided with the entire cost of their training and also receive a KRW 400,000 cash allowance each month. Even those who are not enrolled in these programs receive cash assistance and have 50–70 percent of the cost of their training waived.

To be sure, the job training market is composed of both those who are indubitably eligible for training such as the extremely poor and those who are not. Furthermore, in the case of disadvantaged individuals, providing employment services such as counseling to promote their desire to find jobs may be more important than improving market function. However, under the current system, in which a large proportion of the cost of job training is covered for the majority of the trainees, the assistance provided to ordinary trainees is not being adequately differentiated from the assistance provided to disadvantaged individuals who have trouble receiving job training because of their financial difficulties. One of the causes of this problem is the emphasis being put on the number of people attending the programs and distorted performance indicators.

Another problem is that the government has concentrated on opening up the market through price liberalization without fully considering this kind of structural problem. If the market is unable to function properly because of excessive assistance for trainees, measures that are predicated on a healthy market such as relaxing entrance barriers or liberalizing prices, carry the risk of causing additional distortions. For example, if training organizations are given more authority to set their prices without addressing the lack of competition over price and service quality, the remaining result would only be higher prices and the waste of public funds.

If the market is to function properly, priority must be given to enrolling people who are in desperate need of assistance and have a strong desire to find jobs, as well as to increasing the information infrastructure in order to enable these people to select better service providers and to setting minimum requirements for companies that seek to enter the market.

## **I. The Importance of Job Training for the Unemployed and the Role of the Government**

Active labor market policies and welfare reforms that emphasize “welfare to work” have been identified as the most important recent ideological change in the field (OECD [2006]). In order for job training to rapidly send workers into highly productive industries,

Liberalizing prices when competition structure in price and quality has not been established runs the risk of wasting government funds and price increase without producing any meaningful benefits.

market signals must be delivered effectively so that the rise and fall of industries and business areas can create demand for job training. Excessive government support for job training can enable training companies that are lagging behind to remain in business, and providing long-term assistance to declining industries with a shortage of workers can delay the industry's restructuring. In both of these cases, the government would block market signals.

Though a more in-depth discussion regarding the exclusion of disadvantaged individuals from government programs is needed, from a general perspective, it is more important for the government to concentrate on establishing a market environment rather than to intervene in the market directly. That is, setting up information infrastructure and taking other measures to remove any obstacles in the job training market are preferred to specifically determining the target or the objectives for specific types of job training (World Bank [2012]).

## II . The Development of Job Training in Korea and the Introduction of the Training Account Program

In Korea, job training developed in a system in which the government took the lead in training the skilled workforce necessary for economic development and in supplying industries with these workers. Starting in the 1960s, the government established the job training system in line with its Five-year Economic Development Plan to supply the workers required for industrial development. The government played a leading role in this process by training skilled workers directly through public programs or by requiring employers to operate job training programs themselves (Taek-su Jeong [2008]; Ministry of Labor [2006]). As this was carried out, scholars argue that the private job training market was hindered from developing or from responding adequately to the changing demands of industry and technological advancement (Taek-su Jeong [2008]; Yeong-seon Na, et al. [2009]).

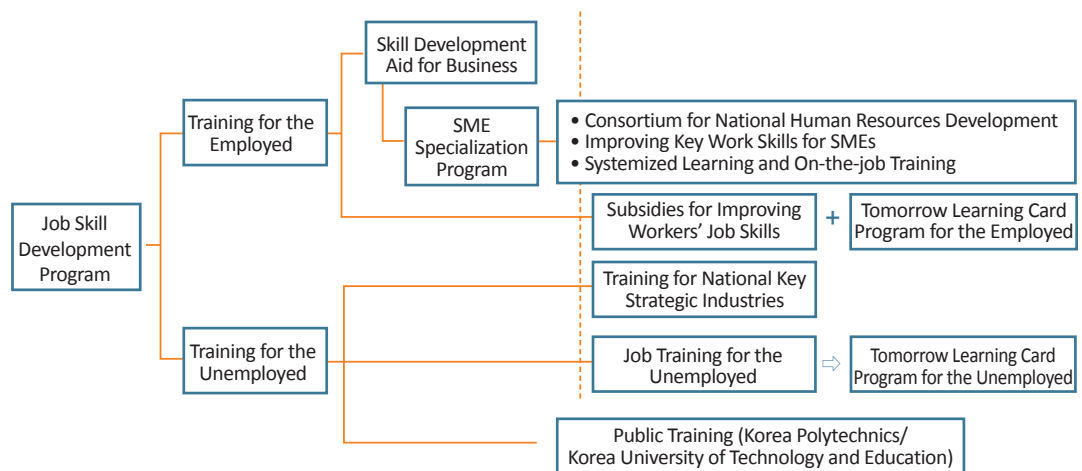
The primary job training programs currently being administered by the Ministry of Employment and Labor largely consist of those for the unemployed and those for the employed (Figure 1).

The job training for the unemployed was greatly expanded during the Asian financial crisis. During this period, the government generally relied on private training organizations, but set training quotas and covered the costs. The quota approach deprived the private job training market of its independence and made it solely dependent on government support, and it also resulted in unnaturally close relationship between public servants and training organizations (Gil-sang Yu, et al. [2011]; Chang-gyun Chae, et al. [2013]).

These conditions are the background for the government's recent efforts to implement policy paradigm in which the private sector and trainees would take the lead in job

While the job training market needs to function properly in order to help the unemployed reenter the labor market, the government also has an important role to play in providing support for disadvantaged members of the society. As a result, the key is to achieve balance between the government and the market in the job training sector.

[Figure 1] Job Skill Development (Job Training) System



Source: Ministry of Employment and Labor, Status of Job Ability Development Program, 2013.

While the government initiated the development of job training in Korea, it is currently trying to allow the private sector and trainees to take the lead in the market.

training for the unemployed. The Job Training Account Program (the account system or the Tomorrow Learning Card Program) provides trainees with a virtual account worth KRW 2 million that they can use to pay for training at an institution of their own choice. The object of this system was to redirect the focus of the job training supply system from the training organizations to the trainees, revitalizing the training market by relaxing entrance barriers and regulations while improving the quality of training<sup>1)</sup>.

Unfortunately, the failed attempt to create market environment during this process continues to exert a negative influence up to now. When entrance barriers were relaxed in order to give trainees a wider range of choices, a large number of small training organizations entered the market,<sup>2)</sup> but there was no method in place to ensure the removal of organizations providing services of low-quality.

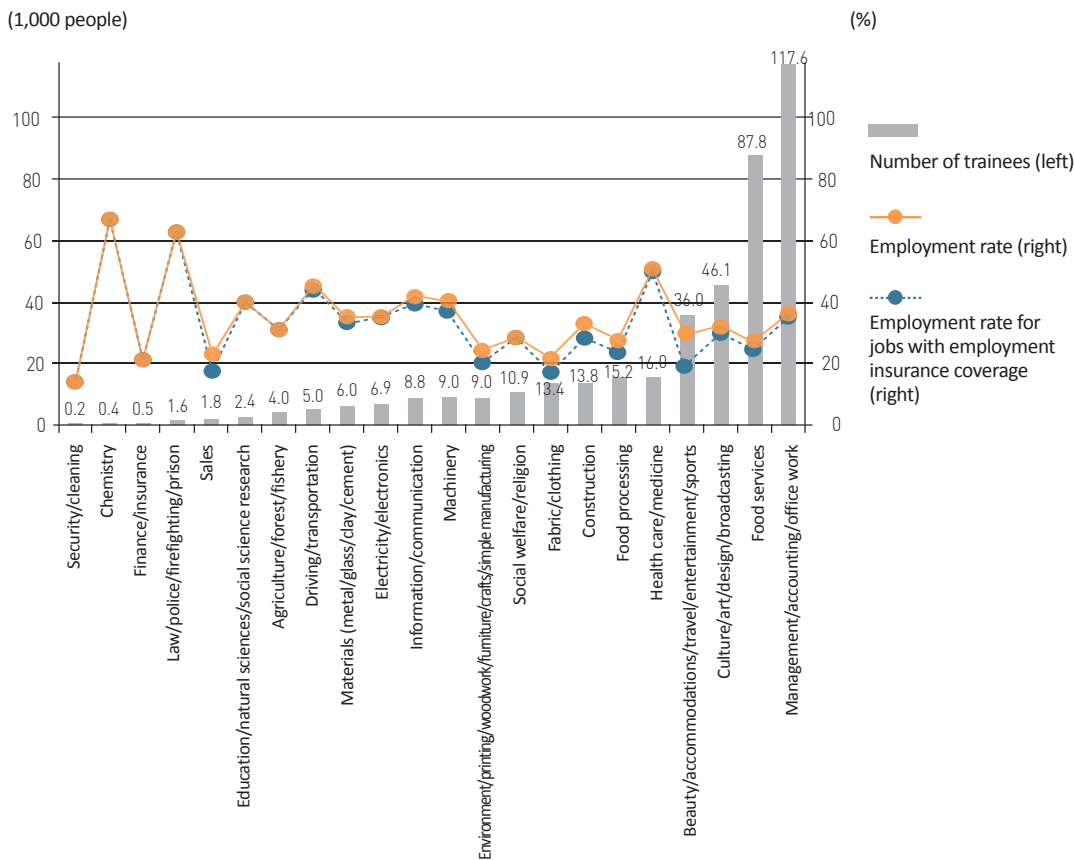
### III . Poor Employment Rate and Government Support

Currently, the employment rate for the job training program for the unemployed (Training Account Program) is extremely low. The analysis of figures provided by the database of the Human Resources Development Service of Korea (HRD-Net) shows that the employment

1) The account is valid for one year after it is set up, with applicants eligible to receive assistance just one time before finding a job. Individuals who have already received assistance once and lost their job after working for 180 days or more may meet a counselor to apply once more for KRW 2 million. In 2013, KRW 314.1 billion of government funds and money from the Employment Insurance Fund was invested in training programs through the Tomorrow Learning Card System, providing training classes for 232,129 individuals (Ministry of Employment and Labor [2014]).

2) The number of private sector training organizations participating in the job skills program increased from 4,882 in 2007 to 7,014 in 2011 (Chang-gyun Chae, et. al. [2013]).

[Figure 2 ] Number of Trainees and Employment Rate for Account Program by Training Area (2013)



Note: The final date of training for the training programs being analyzed fell between Jan. 1, 2013, and Dec. 31, 2013.

Source: Korea Employment Information Service, 2013–2013 Unemployed Account System: Material on Current Training, 3 Jul. 2014.

rate for the 231,301 people who completed training programs in 2013 was only 34 percent. According to Jeong et al. (2013), 69.4 percent of trainees in the account system who got jobs were hired in areas other than the area in which they received training. Though there have been much discussions about the problems of the quota system that was used before the Account Program, a considerably higher employment rate: 73.5 percent in 2007, 71.6 percent in 2008, and 69 percent in 2009 was achieved with the quota system (Gil-sang Yu, et al. [2011]).

In addition to the program's overall poor performance with regards to helping participants find jobs, the trainees do not even respond to the results. [Figure 2] shows a troubling gap between employment outcome and the areas in which trainees are concentrated. Most trainees are found in three occupations (business, accounting, and office work; food services; and design), but the employment rates in these areas is only 36.4 percent, 26.9 percent, and 32.2 percent, respectively.

An explanation for why trainees are flocking to occupations with low employment rate<sup>3)</sup> can be found in the fact that people are receiving training not because they are strongly

&lt;Table 1&gt; Top 10 Occupations for Trainees in Account System (2013)

Occupation Subcategories	Trainees (number, %)				Employment rate (%)		
	Number	Percentage	Accumulated percentage	Percentage in ESP	Total	General	ESP
Total	412,480	100	0	76.2	32.8	37.0	31.6
Data input workers and office assistants	75,665	18.3	18.3	87.8	32.7	38.3	31.9
Bookkeepers	36,147	8.8	27.1	84.7	44.2	53.6	42.5
Miscellaneous chefs and cooks (Baristas)	34,469	8.4	35.5	87.6	25.0	25.6	24.9
Cooks and chefs of Korean food	33,186	8.0	43.5	88.8	27.8	35.2	26.9
Web and multimedia designers	20,340	4.9	48.4	86.5	29.8	35.6	28.9
Skin and body care professionals	15,033	3.6	52.1	91.4	27.3	33.7	26.7
Bakers and pastry chefs	13,404	3.2	55.3	80.0	27.2	26.3	27.5
Beauty care professionals	12,741	3.1	58.4	89.9	30.5	29.1	30.7
CAD drafters	12,518	3.0	61.5	83.8	39.0	46.2	37.6
Visual designers	11,808	2.9	64.3	87.5	30.3	33.1	29.9

Note: 1) The final date of training for the training programs being analyzed fell between Jan. 1, 2013, and Dec. 31, 2013. The occupation subcategories include training programs in a total of 157 occupations.

2) The employment rate is the percentage of trainees who are hired after completing the program.

Source: Korea Employment Information Service, 2013–2013 Unemployed Account System: Material on Current Training, 3 Jul. 2014.

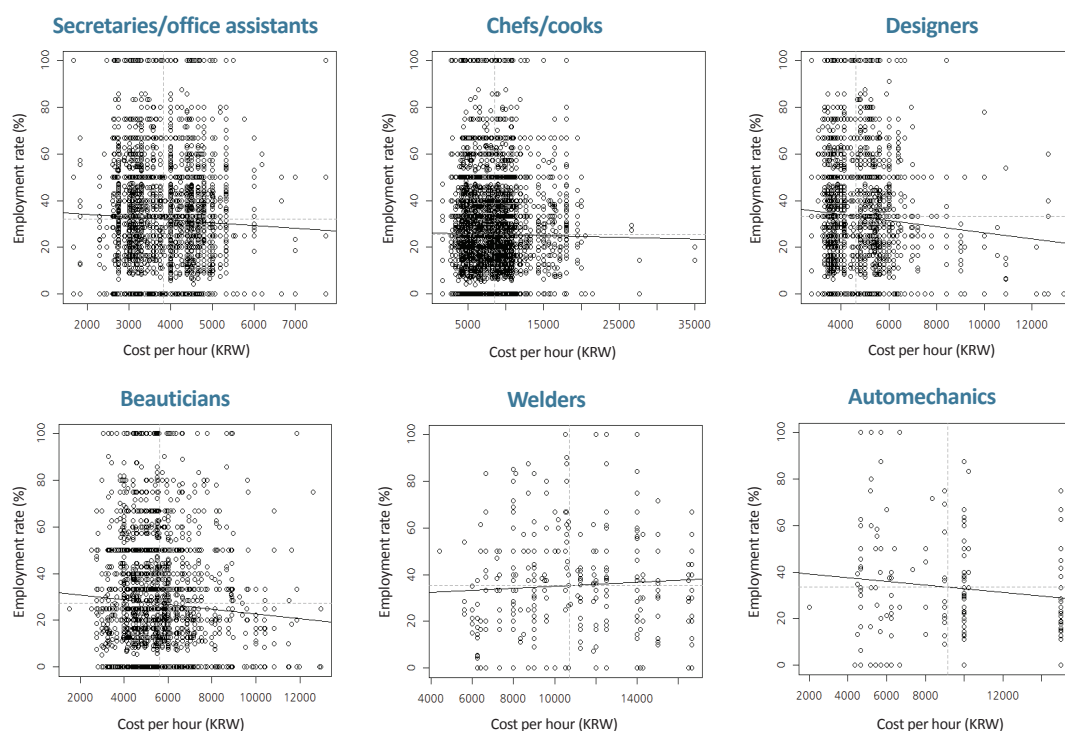
Since government aid is directed to people who are not desperate to find work, the majority of trainees are flocking to areas that have a poor record for employment rate.

motivated to get a job but rather because of the generous scope and scale of government aid. As is illustrated in <Table 1>, which displays the 10 occupations (of 159 total) that attract the most trainees, many students are enrolling in courses where the employment rate is only around 20 percent. Since trainees are required to pay little of the cost of the course, the fact that there is little chance they will actually get a job has little effect on people who, for example, are taking a course in Korean cuisine to cook tastier food for their children or who are completing a barista course as a hobby.

In that case, the question is whether it is appropriate to allow this phenomenon to continue by maintaining the current level of government assistance. At present, participants in the job training program for the unemployed (the Account Program) are divided into two groups: the beneficiaries of the Employment Success Package (ESP) program and those who are only participants in the Job Training Account Program (Tomorrow Learning Card Program). Most of the cost for training is covered for individuals in both of these categories, though there are some minor differences. Those who are enrolled in ESP I (available for the poor, those making 150 percent of the minimum cost

3) If the gap in the supply and demand of training was a result of inadequate information about the employment rate, the most urgent task would be to disseminate more information about the employment rate. However, it is unlikely that inadequate information about the employment rate is the primary cause of this phenomenon. The employment rate for each training course by term is currently available on HRD-Net ([www.hrd.go.kr](http://www.hrd.go.kr)), the information site about the training programs administered by the Ministry of Employment and Labor. More specifically, applicants for training courses are already able to review the previous employment rate for the majority of courses before selecting which training course to take.

[Figure 3] Hourly Cost and Employment Rate for Account System Training Programs by Occupation



Source: Korea Employment Information Service, 2013–2013 Unemployed Account System, Jul. 2014.

of living or below) can participate in training free of charge while those enrolled in ESP II (available for young people aged 18–34 years and middle-aged people aged 35–64) have to pay 10–20 percent of the training cost. However, since members of this program are also provided with additional cash subsidies, including up to KRW 284,000 a month as training allowance and up to KRW 116,000 a month to cover the cost of transportation and lunch, these individuals do not have any actual expenses. The ESP began in 2009 with the goal of enrolling 10,000 members, increasing to 250,000 for 2015. At the same time, there has been a major increase in the number of individuals who are receiving training, more because of the cash subsidies than because of need.

Of the 231,301 trainees in 2013, an absolute majority of participants in the Job Training Account Program (69.3 percent) received the ESP. In terms of the number of training case, 76.2 percent, a majority of job training cases were funded by ESP. The 10 occupations listed in <Table 1> account for 64.3 percent of total trainees, with 90 percent as the participants in ESP for most of these areas.

The situation is not much different for trainees who are not enrolled in the ESP. The government only covers 50–70 percent of the cost of their training, but it also provides them with a cash allowance that significantly reduces their actual share of cost.

Excessive government aid is preventing the development of the training market by attracting trainees who are unconcerned with the quality of training and employment performance, which suppresses competition between training organizations and enables low-quality organizations to remain in business.



&lt;Table 2&gt; Regression Model for Employment of Trainees in the Job Training Account Program (2013)

		Total trainees in account system	ESP trainees	Non-ESP trainees
Constants		-0.0913	-0.0374	-0.0792
Age (compared to 65 and above)	to 17	-0.1312	-0.0369	-0.1062
	18-29	0.4201*	0.5546*	0.3605*
	30-39	0.2305*	0.3440*	0.2154*
	40-49	0.2927*	0.3983*	0.2863*
	50-64	0.3035*	0.3972*	0.3039*
(Compared to women)	Men	-0.0118	-0.0129	-0.0136
Education level (compared to four-year university graduates and above)	Other	-0.1524*	-0.1741*	-0.1107*
	Elementary and middle school graduates	-0.1152*	-0.1338*	-0.0951*
	High school graduates	-0.1109*	-0.1347*	-0.0606*
	Two-year college graduates	-0.0086	-0.0273*	0.0297
(Compared to previous recipients of unemployment benefits)	Newly unemployed	-0.3162*	-0.2789*	-0.4236*
Training time (in hours)		0.0004*	0.0005*	0.0003*
Cost per hour (in KRW 1,000) covered by government		-0.0051*	-0.0008	-0.0121*
Cost per hour (in KRW 1,000) covered by individual		0.0361*	0.0000	0.0261*
R <sup>2</sup>		0.0596	0.0456	0.0800
Number of samples		226,052	157,117	68,935

Note: 1) The final date of training for the training programs being analyzed fell between Jan. 1, 2013, and Dec. 31, 2013.

2) The coefficients for each occupational dummy were omitted due to lack of space. Asterisks (\*) denote significance of 1%.

Source: Korea Employment Information Service, 2013–2013 Unemployed Account System, 3 Jul. 2014.

Under the current system, upper-class housewives who want to attend a training program as a hobby receive 50–70 percent of the cost of the program along with cash allowance, while those in the middle and lower classes are provided with the majority of the cost of the program along with cash allowance.

With ESP II (available for young people and the middle-aged), there is no income limit for young people, and the maximum income for the middle-aged is set at 250 percent of the minimum cost of living (KRW 122,108 health insurance premium for a family of four (workplace) and a KRW 99,518 premium for a family of three (workplace)). These income levels are both fairly high, corresponding to the bottom 53.1 percent and 55.6 percent of households, respectively.<sup>4)</sup>

To provide a simple example, upper-class housewives in their 50s receive support for a significant amount of their training cost (50–70 percent) along with a maximum of KRW 116,000 in cash, while those in the middle classes and below receive most or all of the cost for training along with up to KRW 400,000 a month in cash.

When such a wide range of people are eligible for assistance, especially as the share of training cost is minimal or nonexistent, applicants are not motivated to carefully choose the best training organization out of the necessity for employment. Of course, there are other important policy goals, such as promoting lifelong learning, but such goals should not be confused with job training programs that are designed for people who are looking

4) Statistics Korea, *Household Trends Survey 2013, Microdata*.

for work.

Most importantly, since people who are receiving financial support despite not being strongly motivated to work generally choose training providers that are close to their homes and thus easy to attend, training providers are essentially being guaranteed a certain level of subsidies regardless of their actual quality. Consequently, they do not need to compete with other providers by increasing the quality of their training or by lowering prices.

Ultimately, this is a structure that harms the trainees who are actually in need of securing a job because it provides generous government assistance to a wide range of the population, allowing poor-quality training organizations to remain in business, thus lowering the quality of overall training.

It is also helpful to consider these points in relation to the plans for price liberalization that are being promoted by the current government. [Figure 3] shows the correlation between the cost of training programs and the employment rate for major occupations. The four subcategories with the greatest number of programs (secretaries/office assistants, chefs/cooks, designers, and beauticians) and the two areas of manufacturing work with the greatest number of programs (welders and auto mechanics) were selected as the occupations for analysis.<sup>5)</sup> The top four occupations represent 65.1 percent of the total training courses. [Figure 3] indicates that a high cost per hour for the training does not necessarily imply a high employment rate upon completion.<sup>6)</sup>

In order to examine this more rigorously gender, age, education level, occupation (76 subcategories), training time, and participating program in the trainee data were controlled as presented in <Table 2>. The probit model was used and the cost per hour is divided into the share paid for by the government and the share paid for by the individual.

As the results show, when the individual's expense share was higher, the employment rate was significantly higher; conversely, when the government expense share was higher, the employment rate was significantly lower. This implies that the level of the government and individual shares of payment for the training cost (rather than the amount of the cost itself), which have an inverse effect, are both important factors for employment rate.

The right side of <Table 2> shows the beneficiaries of the ESP and those who are not amongst total trainees. In the case of ESP trainees—who have most of their training costs covered by the government, unlike other trainees—the cost of training per hour does not affect employment in a significant way, whether the cost was borne by the government or by the individual.

The government is promoting price liberalization under the belief that low prices are causing the poor employment rate, but the cost of the training program is not as important as the question of who is responsible for covering the cost.

Under a support system in which beneficiaries have most of their training cost covered and also receive up to KRW 400,000 in cash each month, there are structural limitations on determining who will receive assistance for job training using motivation to find work as a criterion.

5) Courses for secretaries/office assistants account for around 24.4% of the total, chefs/cooks for 18.5%, designers for 13.6%, beauticians for 8.7%, welders for 1.3%, and auto mechanics for 0.9%.

6) In order to examine the differences in prices for training time, the training times were divided into six segments, and the most frequent training time segment for each occupation was selected to examine the relationship between the employment rate and the hourly cost in the segment in question. The length of each selected segment was 60–100 hours for secretaries/office assistants and designers, 30–60 hours for chefs/cooks, and 100–200 hours for the rest.

As the results of this analysis indicate, a high cost of training does not necessarily correlate to an improved employment rate. The fact that government coverage of costs actually has a negative effect in the case of non-ESP trainees suggests that government aid is deteriorating employment outcome by encouraging unmotivated individuals to participate in training courses.

#### **IV . Methods for Improvement**

The problem with the job training market for the unemployed is that excessive government assistance is preventing the market from functioning properly. Not only is government assistance covering a high proportion of training costs even for high-income earners but also the expansion of employment welfare programs has resulted in a sharp increase in the number of individuals who are, in essence, not paying for any of their training costs. When some trainees are not concerned about the quality and the costs of their training, low-quality training organizations are able to continue their businesses in the market. Such policies remove the incentive to compete and also have a negative impact on the quality of training.

The regression analysis shows that the amount of cost has no effect on the employment of ESP beneficiaries, who have almost the entire cost of their training covered. It also shows that, in the case of non-ESP trainees, the employment outcome improves when the individual's share of the training cost (rather than the amount of the cost itself) increases. However, since the government is pursuing social policy goals, it cannot place the entire burden for funding job training on the individual. It is crucial, then, that the administration establishes a balance between government policy and market function, and this can ultimately be achieved by investing government assistance in those individuals who need it.

In this perspective, the government needs to significantly adjust the current amount of job training support provided to different segments of the population. Some of the people enrolled in ESP I are disadvantaged individuals who would otherwise find it difficult to support themselves during the period of their training. In contrast, when it comes to demographics such as university graduates or middle-aged in the middle class, even if they are having trouble finding work, it is unlikely that the main hurdle is the cost of job training or the cost of living while taking training programs. Also, it is unclear what the policy benefits are for providing job training support to high-income earners who are not enrolled in the ESP.

More specifically, there is a need for an incentive system that attracts people who are actually motivated to find work. This should involve reducing the number of groups that receive cash assistance and have most of their training costs covered, as well as increasing

the overall share of the training that must be covered by the individual. One option to be considered for those who are not in poverty is to have individuals initially pay the government's share of the cost and then have this reimbursed after getting employed.

On the other hand, for disadvantaged individuals who need extensive assistance, an effort should be made to provide customized aid that is determined according to a comprehensive assessment of the household's circumstances with the possibility of increasing the financial support during the training period. These individuals should also be provided with in-depth counseling in order to increase their motivation to find jobs. In order to counteract the mentality that applicants will be automatically guaranteed various benefits, the counselors in charge of providing employment assistance need institutional support to enable them to exercise discretion with respect to providing individuals with assistance for job training and revoking such assistance.<sup>7)</sup>

Considering the structural issues that prevent the market from functioning properly, it is necessary to simultaneously make an effort to overhaul the system and to implement market-friendly measures. For example, at the time that the account system was implemented, the conditions for entering the market were relaxed to ensure that trainees were guaranteed freedom of choice. As a result, a large number of small training companies entered the market, but under the current system of support, low-quality training organizations are unlikely to be forced out of business by the choice of trainees alone. With numerous organizations flooding the market, not only does the excessive workload make it difficult to carry out high-quality and fair evaluations after a program is complete, but evaluators face stiff resistance from the training organizations themselves. Given these circumstances, training organizations seeking to enter the market should be required to meet certain standards related to facilities and other areas, at least during a transitional period, in order to keep out particularly poor companies.

In addition, price liberalization is not urgently required to restore market function. A severe demand bubble is keeping bad training companies in business, and the market lacks competition over price and quality. Under such circumstances, allowing training organizations to have even more authority to set their own prices will likely lead to price increase and a waste of government funds without the increase in quality.

One issue that is making it harder for some highly-motivated trainees to choose training organizations is the fact that HRD-Net, the information site for the training courses, does not provide a wide variety of information about the employment duration, amount of wage, employment rate depending on fields, and about the training organization itself. There is a need for both quantitative and qualitative improvement in the information provided in order to aid trainees who are earnestly in search of jobs.

A selective approach is required for government assistance, based on the understanding that the job training market should be designed for everyone searching for jobs and that people from vulnerable sectors need an appropriate amount of assistance in addition to such aid.

7) According to the program rules, Korean employment counselors are also supposed to issue job training accounts after assessing applicants' need for training and the possibility of their being hired. However, the sheer number of applicants who are not strongly motivated to get a job or who are attracted by the cash allowance and the aid for training makes it difficult to filter them out during the counseling phase.

The fundamental cause for the surfeit of assistance for job training is lack of coordination in employment welfare programs administered by the Ministry of Employment and Labor and the Ministry of Health and Welfare.

Furthermore, the lack of coordination between high-level policies is a major obstacle in the current job training market, which is why the government needs to give some thought to the connection between employment and welfare. The lack of connection between the welfare programs of other ministries and the employment assistance programs run by the Ministry of Employment and Labor is the fundamental cause of excessive assistance provided under the current system. In order for employment assistance to be administered more effectively, welfare in the form of cash subsidies and employment assistance need to be operated together. However, the Ministry of Employment and Labor, the ministry in charge of employment assistance, has been unable to make use of or modify other welfare programs as a way to achieve its policy goals. That is why the Ministry had no other choice but to attract participants by setting up separate cash payment system such as the ESP in order to secure results in employment assistance.

Making an excessive number of people eligible for cash assistance in order to get quick results is another important reason for the distortion. The national government has instructed local governments to fill quotas for the ESP, leading to an absurd situation in which workers at employment centers—who ought to be focusing their efforts on counseling applicants for employment assistance—are instead forced to visit homes and subway stations to find people to be enrolled in the program. Naturally, when people are being recruited on the promise of cash assistance in order to fill a quota, it is hardly feasible for counselors to determine whether or not the enrollees should receive assistance according to their need for training or their possibility of finding work. The link between employment and welfare can be established through genuine integration of these programs.

However, considering that a sense of entitlement has taken root among the beneficiaries of existing welfare programs, tying these various benefits to receiving job training or getting a job would not be easy to achieve in a short period of time. A more practical alternative is to link new welfare programs with employment. Starting next year, 980,000 households will be receiving up to KRW 340,000 a month in housing benefits, while the energy voucher program will provide up to KRW 240,000 worth of assistance to 1.17 million households for the winter. The sense of entitlement is expected to be less entrenched for these programs than for existing welfare programs.

The attempt to link employment and welfare in the original sense of the phrase must begin with new welfare programs.

One specific way to link these programs would be to make it mandatory for applying households to become beneficiaries of these programs to first visit the employment center to receive counseling about finding work and about developing their work skills. After assessing applicants' overall situation, the counselor at the employment center can connect them with the relevant services. However, consideration should also be given to restricting benefits for noncompliant applicants in connection with the ministries that administer these programs (the Ministry of Land, Infrastructure and Transport and the Ministry of Trade, Industry and Energy).

In order to ensure that government policies do not produce government failure that impedes the vitality of the market and keeps disadvantaged individuals from becoming self-sufficient, efforts need to be made to reorganize the role of the government in the sector of job training for the unemployed, to link welfare programs in order to break the barriers between ministries, and to establish appropriate performance indicators that do not distort the way public servants work. ■

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