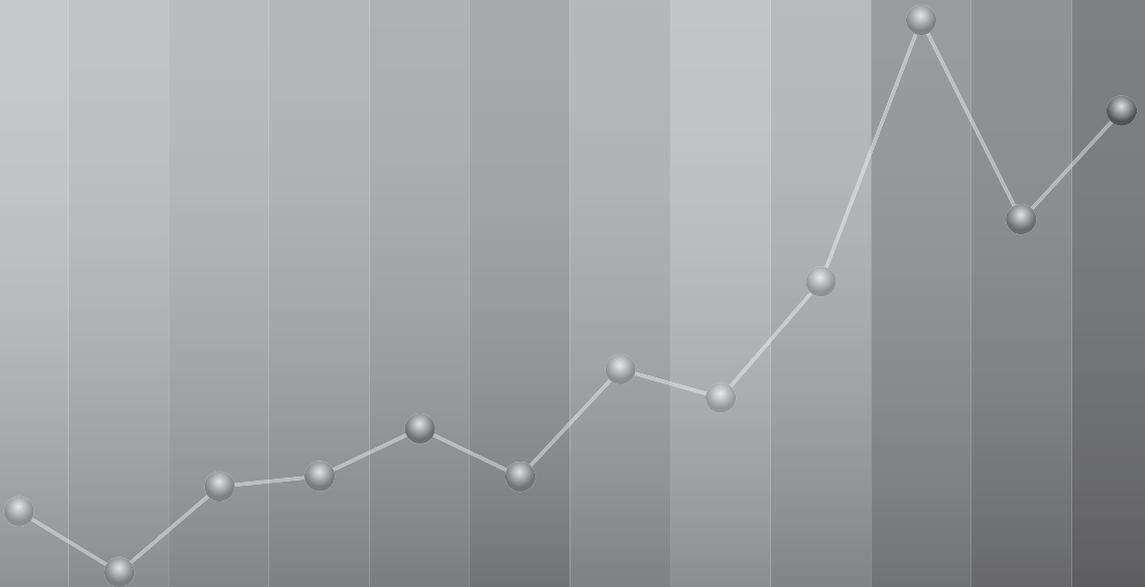


Diversification of Employment Policies:

Current Status and Direction of Personnel
Management in Public Institutions

December 2012

Hanjun Park, Youngjae Ra, Yoonjik Cho



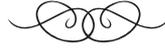
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Summary

Due to the recurring global financial and economic crises, many countries have faced growing uncertainties. Corporate recruitment activities have consequently slowed down and unemployment has become one of the most serious social issues. In order to address the problem of unemployment which has been continuously aggravated since the economic crisis, renewed emphasis has been placed on the social responsibility of the public sector. Accordingly, SOEs and other public institutions have endeavored to improve the employment culture and work environments as major employers in the labor market. The substantial changes recently made and emphasized by public institutions in their personnel management to reflect the government's employment policy can be summarized as the recruitment of youth interns, the employment of high school graduates, and the promotion of flexible working arrangements.

These three programs have different target groups, but they have one thing in common: they all emphasize the social responsibilities of organizations. Analyzing and studying the sustainability of these programs and directions for their improvement is significant in that this could help examine the responsibilities and roles of public institutions as fair employers in the labor market. Therefore, this study examined the current status of the introduction and implementation of the YI Program in public institutions, the employment status of high school graduates and limitations in their utilization, and the attitudes of public institution employees towards flexible working arrangements. Policy implications drawn from this study are as follows.

First, complaints regarding the public institution YI Program were found to include the limited conversion rate from internship to full-time position following the completion of an internship, job rotations in a short span of time, and significant differences in the importance and proportion of assigned tasks among interns. The program is meaningful in that it provides temporary support for young people to escape from the trap of a stigma effect attached to unemployment; however, the implementation of such an internship that was designed to

temporarily relieve unemployment needs to be reconsidered as the economic conditions and the labor market environment improve. However, it is undeniable that the YI Program has legitimate justification to be maintained as a recruitment channel as it sufficiently provides alternative opportunities to recruit a diversity of outstanding workers who are difficult to identify through open recruitments in which applicants are selected largely based on their academic achievement. In other words, the public institution YI Program is expected to become sustainable when it is established as a personnel recruitment system for institutions rather than as a temporary employment measure.

Second, the recruitment of high school graduates led by public institutions in efforts to change the employment culture is significant in that it has been rapidly expanding to the private sector. The government has recommended that public institutions, especially SOEs, hire 20 percent of their new recruits from people with a high school diploma, and accordingly most public institutions have increased their recruitment of high school graduates compared to the previous year. This measure can be understood as a form of affirmative action for a minority group amid the reality of an overwhelming 80 percent college enrollment rate, or as part of the diversity management of human resources. However, it also has the meaning of restoring the original intention of the measure to abolish minimum academic requirements adopted in the early 2000s, a measure that has been distorted as the areas for high school graduate recruitment in the labor market were occupied with downward applications by college graduates. It is noteworthy that even those institutions with no record of hiring high school graduates for years in the past are now recruiting people whose highest level of education is high school. In order for the employment of high school graduates to be widely used and sustainable, however, the government should encourage public institutions to formulate and implement their personnel plan from a long-term perspective. Currently those institutions recruit high school graduates based on a simple job analysis or internal empirical criteria, but it is necessary to specify job functions that can be assigned to high school graduates and their possible career development routes. In the initial stages of development, the government has set up recruitment goals and led the efforts to promote the employment of individuals with a high school diploma, but as the measure settles down, it should gradually increase autonomy for institutions to allow them to develop their own appropriate personnel plans and recruit high school graduates accordingly.

Third, in terms of work environments of the employed, the government's employment policy, which emphasizes social responsibility, is focused on creating an environment where work-family balance can be achieved. Therefore, the

government has led the effort to promote FWAs that provide flexibility in choosing according to workers' needs, the type, time, and place of work that had theretofore been fixed. However, only a small percentage of public institution employees have so far utilized such arrangements; some of the primary reasons behind this reluctance were identified as the lack of proper institutions and an organizational culture where it was unavoidable for workers using flexible working schemes to be extra sensitive to the opinions of their superiors and co-workers. It was found that the current condition of flexible working hours is most commonly used and preferred. Flexible working hours, a work option that provides temporal flexibility, is closest to the traditional style of working and has been increasingly utilized after its adoption. This is presumably because this type of scheme is highly accepted within organizations and thus its utilization is pragmatically easier than other options. The survey conducted with public institution employees found significant correlation between the level of satisfaction with the use of FWAs and organizational effectiveness variables such as performance and organizational trust, from which the need for promoting FWAs was verified. Many public institutions can refer to the fact that those institutions playing a leading role in the promotion of FWAs have implemented hands-on and educational programs to improve their organizational culture. Another approach that can be considered is to expand the implementation of FWAs by gradually starting from flexible working hours—which are less flexible—to a discretionary work scheme and thus increase receptivity to such arrangements within organizations on a steady basis.

The YI Program, open employment policy, and flexible working arrangements were all introduced with an emphasis on social responsibility, but these programs have not settled down enough to fully evaluate their achievements. What is most important in the course of their future expansion is that these programs be utilized as a tool to strategically manage human resources as well as fulfill social responsibilities; concerns about their uncertain continuity must first be removed so that trust in policy intentions can be built and the programs can be further facilitated.



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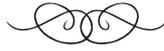
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I

Introduction

Purpose and Background of Study

Public institutions serve as an important means of making economic and industrial policies in South Korea. They have offered momentum to achieve economic growth led by the government in the past and have functioned as important employers in the industrial world. In recent years, with the aim of resolving increased unemployment since the outbreak of the economic crisis, the South Korean government is emphasizing the role of public institutions regarding their social responsibility of managing and diversifying personnel.

Since the Asian financial crisis in the late 1990s, South Korea's economic structure has undergone rapid change. In the aftermath of recurrent global financial crises, individual countries have faced growing uncertainties; as a result, limitations in company recruitment of new employees as well as increasing unemployment have emerged as serious social issues. The prolonged economic slowdown and low growth rate have made it impossible to achieve dramatic economic growth through mass employment alone, and structural readjustment through personnel reduction has become more profitable for companies rather than expanding employment and aggressively investing. It is undeniable that there are positive effects of employee reduction such as companies

eliminating inefficiencies and streamlining the necessary restructuring process of adjustment in today's changed environment. There is a growing concern, however, that jobseekers and workers have become victims of such structural reorganization and streamlined managerial efficiency.

In addition, labor has played a crucial role in Korea's remarkable economic growth in the past, but the capacity for job creation has been reduced as the Korean economy has shifted to a post-industrial structure, thereby making employment more difficult.¹⁾ A circular structure of linking growth with employment, the logic of rapid economic growth in the past, has been weakened. As such, the employment environment has worsened; there are increased numbers of irregular workers, and it is more difficult for vulnerable groups such as high school graduate-only youth, in particular, to secure stable employment.

While Korea's college enrollment rate is at 80 percent, the highest among OECD nations, it has the lowest participation rate of economic activity. The low economic participation rate can be attributed as one of the characteristics of a highly educated society, but it has in actuality factored into the mismatch of supply and demand in the labor market.²⁾ In order to encourage more young people to participate in economic activities, vocational education with a focus on technical training, as demanded by corporations, needs to be promoted and more job opportunities should be offered to high school graduates; yet, Korea's education and employment policies have been formulated in a direction different from the demands of the labor market, therefore aggravating unemployment. The employment situation in Korea has reached the point where the government should seek solutions by approaching the labor issue not from a short-term, temporary perspective, but as a multifaceted long-term social problem, and therefore include labor issues on its official policy agenda.

Recently, the South Korean government has begun efforts to change employment culture by encouraging public institutions, including state-owned enterprises (SOEs),³⁾ the main employers in the industrial sector,

1) Kim Jong Il (2006), "Structural Change and Employment Problems in Korea since the 1990s," *Journal of Korean Economic Analysis*, Vol. 12, No. 2.

2) OECD Economic Surveys Korea 2012, 2012.

3) SOEs in this paper refer to public corporations, which in South Korea currently include public

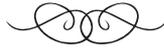
to promote youth internship programs and hire high school graduates. It is premature to discuss the effects of the policy drive to promote the employment of young people whose highest level of education is high school, but it is evident that this trend of employment initiated in the public sector is gaining attention from society.

The government's employment policy with an emphasis on social responsibility is focused on the expansion of career opportunities for high school graduates in the job recruitment process, while in regards to managing those already employed, the government's employment policy underlines the expansion of flexibility in terms of specific types of work. Flexible working arrangements (FWAs) provide flexibility with regards to how work is conducted, which means allowing employees to choose according to their individual needs of the type, hours, and place of work, which have traditionally been fixed. FWAs were introduced to increase the compatibility of work and family life as an alternative to the traditional way of working. Amid the decline in Korea's fertility rate, FWAs are programs that reflect policy commitment to create a family-friendly working environment in which female workers can maintain a balance of their career and childcare responsibilities. As of yet, FWAs are not used by employees working at public institutions, so the government endeavors to promote the use of FWAs in connection with improving public institutions' management systems, such as business disclosure and performance evaluation.

Public institutions are recruiting and employing youth interns at a four-percent level of their total workforce with the aim of offering opportunities for interns to explore a vocation and improve their capacity for full-time employment. This policy also reflects the intent of offering jobs to young people having difficulty entering society, thereby leading to a temporary solution to unemployment. In order to establish and promote these employment programs implemented by public institutions—the Youth Internship Program, recruitment of high school graduates, and FWAs—as effective and sustainable programs for personnel management, it is necessary to identify any problems through a review and analysis of

the extent and process of utilizing such programs during the initial years of their implementation, and to explore ways for further development and improvement. However, there are limits to determining the successes of the programs' introduction and implementation during the initial stages since each program was launched not as an elaborate scheme designed for long-term implementation, but rather as an ad hoc measure to respond to immediate employment issues, with the intention to examine problems as they arose and improve them through trial and error. Therefore, rather than assessing the achievements based on quantitative analyses, this study is primarily designed to discover problems by overhauling the extent and process of how these three programs have been utilized during their initial years, and to explore various means for further development.

The intent of this study is to evaluate the significance and scope of the three initial programs—the Youth Internship Program, a recruitment scheme for hiring high school graduates, and FWAs—in regards to employment and personnel management by public institutions. In addition, this study will suggest ways for the programs to be improved. While all three programs have a different target group, each has in common the emphasis on the social responsibilities of organizations. The analysis and study of the sustainability and direction of the development of these systems is significant in examining the responsibilities and role of public institutions as fair employers in the labor market.



II

Changes in Employment and Policy Responses

1 Economic Crisis and Social Change

A. Escalating Problem of Youth Unemployment

According to OECD statistics (2011),⁴⁾ the Korean labor market ranks low compared to other major member countries. This statistical data shows that Korea's employment rate for ages 15-64 stood at 63.9 percent, 0.9 percentage points lower than the average rate of OECD member countries, which was 64.8 percent. The rate was similar to that of France (63.8%) and lower than those of major advanced countries such as Sweden (74.1%), Germany (72.6%), Australia (72.7%), New Zealand (72.6%), the U.S. (66.6%), and Japan (70.3%).

Korea's employment rate for youth aged 15-24 was 23.1 percent, 16.4 percentage points lower than the OECD average, 39.5 percent, and significantly lower than that of Sweden (40.4%), Germany (48.2%), France (29.91%), the U.S. (45.45%), and Japan (39.1%). These statistics indicate that Korea is falling behind other countries in terms of the general rate of employment and the employment situation for young people. The annual changes in the youth employment rate in Korea demonstrate that the rate

4) See OECD StatExtracts (as of June 2012).

has declined for the past 10 years by approximately 7.04 percentage points to 23.05 percent in 2011 from 30.09 percent in 2001. For the same period, the average rate of youth employment in OECD countries declined to 39.54 percent, a 5.1 percent drop from 44.64 percent. During this period, most advanced countries saw an approximate 10 percentage point drop in the youth employment rate, but remarkably, there was no noticeable change in France and Japan, countries with a relatively low rate of youth employment. The rate of Japan which was 41.96 percent in 2001 registered a mere 2.89 percent decline to 39.07 percent in 2011, while France showed negligible change with a mere increase of 0.02 percentage points from 29.31 percent to 29.91 percent. In contrast, the sharp decline in Korea's already low youth employment rate indicates that Korea is faced with a more worrisome situation regarding youth employment compared to other OECD countries.

This downward trend demonstrates that in the aftermath of the ongoing global financial crises that have repeatedly occurred following the Asian financial crisis in 1997, economic growth has not accompanied employment expansion,⁵⁾ and in recent years, as the Korean economy has entered a low growth era, the problem of youth unemployment continues to worsen.

5) Lee Jong-hun (2010), "Job Creation and Role of the Public Sector," Symposium for Employment Policies and Roles of Public Institutions, Korea Institute of Public Finance.

**<Table II-1> Yearly Comparison of Employment Rates in OECD Countries
(2001, 2006-2010)**

(Unit: %)

Year		2001	2006	2007	2008	2009	2010	2011
OECD	Total	67.34	68.36	68.89	69.03	67.29	67.30	67.52
	Youth (A)*	29.14	26.50	26.14	25.78	23.18	22.67	22.32
	Youth (B)*	44.64	43.19	43.17	42.79	39.90	39.48	39.54
Korea	Total	65.38	68.03	68.33	68.22	67.38	67.71	68.43
	Youth (A)	10.07	6.74	6.59	5.87	5.42	6.12	6.77
	Youth (B)	30.09	27.18	25.68	23.80	22.90	23.00	23.05
U.S.	Total	75.48	74.75	74.65	73.93	70.72	69.84	69.97
	Youth (A)	42.31	36.95	34.81	32.64	28.38	25.90	25.79
	Youth (B)	57.71	54.25	53.13	51.23	46.85	45.00	45.45
U.K.	Total	73.60	74.19	74.00	74.42	72.45	72.33	72.61
	Youth (A)	51.98	45.00	42.34	43.08	37.62	35.38	33.14
	Youth (B)	61.05	57.65	56.45	56.32	51.86	50.69	50.14
France	Total	62.94	63.89	64.59	65.17	64.36	64.24	64.32
	Youth (A)	10.62	11.17	12.15	11.97	11.04	11.14	10.56
	Youth (B)	29.31	29.83	31.05	31.36	30.55	30.29	29.91
Sweden	Total	76.62	75.98	77.25	77.51	74.05	74.48	75.97
	Youth (A)	31.60	27.95	28.59	27.72	20.58	20.17	20.28
	Youth (B)	48.70	44.77	46.83	46.41	38.38	38.48	40.41
Germany	Total	66.54	68.17	70.10	71.34	71.62	72.39	73.98
	Youth (A)	29.78	26.60	28.33	29.03	28.06	27.31	27.55
	Youth (B)	47.03	44.01	45.94	47.19	46.55	46.81	48.19
Japan	Total	74.35	76.04	77.14	77.45	76.94	77.56	77.33
	Youth (A)	15.56	14.93	14.87	14.86	13.96	13.72	13.07
	Youth (B)	41.96	41.40	41.43	41.37	39.89	39.16	39.07

Furthermore, changes in the corporate management of human resources in response to economic uncertainties have added new challenges to the employment environment. As companies recognize the effective organization and utilization of human resources as a foundation for the enhancement of organizational competitiveness, there are few incentives for increasing the number of employees, and companies' personnel

recruitment becomes centered on high-quality human resources. One of the factors that make young people's employment more difficult in the labor market is the shift towards an irregular hiring structure in which experienced workers are preferred to those just entering the work force. In other words, instead of increasing the burden of fixed operational costs incurred by the recruitment and expansion of the workforce, the pursuit of cost reduction—by hiring a small number of core personnel, increasing automation through information and communications technology, and streamlining business processes—has become standard personnel management procedure for companies that experienced the Asian financial crisis; as a result, competition among young job seekers has intensified.

B. Career Choice for Vocational High School Graduates and Distortion of Education

Problems found in the labor market along with limited youth employment opportunities include the high entry barrier for high school graduates joining the labor market and the distortion of vocational education. Those problems can be identified in the changes in the employment rate and college enrollment rate for graduates of vocational high schools.

1) Ratio of Employed vs. College Entrants

One of the remarkable social phenomena observed in Korea during the past 10 years has been the outstanding college enrollment rate. The rate, which grew to 83.8 percent in 2008, stood at 72.5 percent in 2011. This means that most high school graduates advanced to earn higher degrees. Given that economist Paul Romer underlines the importance of human capital, the high rate of college matriculation and ever wide-ranging opportunities for higher education might serve as a foundation for strengthening the capacity of human resources in Korean society, yet the current supply and demand of the workforce has become distorted, revealing various problems.

When there are few improvements over time in a strained labor

condition, college entrance rates steadily increase, thereby providing an increased number of college graduates to the labor market, which in turn makes it more difficult for high school graduates to secure employment. Such circumstances have had tremendous influence in how graduates from vocational high schools select their career. Statistics tracking career paths starting in 2001 found that there were noticeable changes in the selections of future careers for high school graduates. As shown in the <Table II-2> below, until the early 2000s, the percentage of vocational school graduates employed and those entering college were almost the same, but since 2002 up to the present, the latter has outpaced the former, considerably widening the gap. The percentage of those who sought jobs fell below 40 percent in 2003, and further decreased to the level of 16.7 percent in 2009, while the percentage of those entering college surpassed 50 percent in 2003, reaching a peak of 73.5 percent in 2009, where it has remained relatively steady at 70 percent.

<Table II-2> Employment Status and College Entrance Among Vocational High School Graduates (2001-2011)

(Unit: person, %)

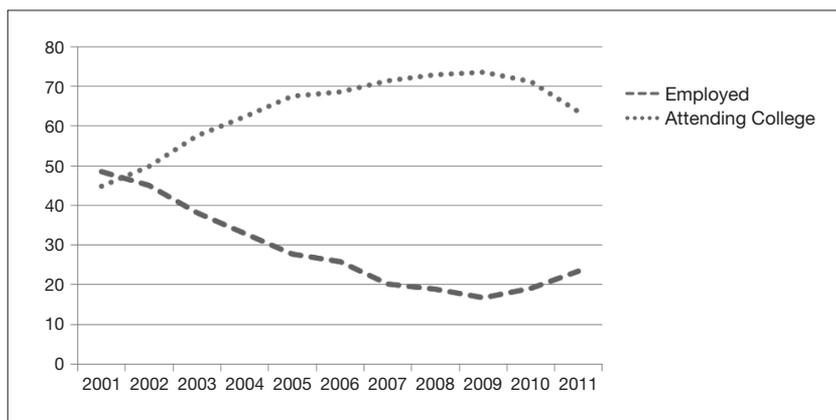
Year	Total No. of Graduates	Employment		College Entrance	
		Employed	Percentage	College Entrants	Percentage
2001	270,393	130,968	48.4	121,411	44.9
2002	231,127	104,138	45.1	115,103	49.8
2003	189,510	72,212	38.1	109,234	57.6
2004	182,835	60,062	32.9	113,944	62.3
2005	170,259	47,227	27.7	115,164	67.6
2006	162,600	42,151	25.9	111,601	68.6
2007	158,708	32,075	20.2	113,487	71.5
2008	158,408	30,036	18.9	115,407	72.9
2009	151,410	25,297	16.7	111,348	73.5
2010	156,069	29,916	19.2	111,041	71.1
2011	152,824	35,698	23.4	97,400	63.7

Source: *Statistical Yearbook of Education* (<http://cesi.kedi.re.kr>, June 2012)

With the percentage of employed vocational high school graduates reduced by half, and the number of those graduates admitted to college doubling, only one in four vocational school graduates seeks employment over attending college. This widening gap indirectly signifies that social and economic circumstances, including the worsening labor market, have put consistent and continuous pressure upon young people seeking alternatives to higher education. This change in the overall percentages between the two groups, as well as the decline in the absolute number of students attending vocational high schools evidently suggests changes in career pursuits and interests of students attending vocational high schools.

From 2001 to 2011, while the number of vocational high school graduates dropped to 152,824 from 270,393, a significant decline of 117,569, the number of students entering college had no significant change during that same period. On the other hand, the number of employed youth declined by 106,000 (81%). This can be interpreted that despite a decline in the number of total students, the number of students seeking higher education has remained relatively unchanged, delivering an impact only on the absolute size of employed youth. It is noteworthy that the number of students seeking college admission remained relatively unchanged even during the period when the number of students in vocational high schools was reduced by almost a half.

[Figure II-1] Ratio of Employment and College Entrance Among Vocational High School Graduates

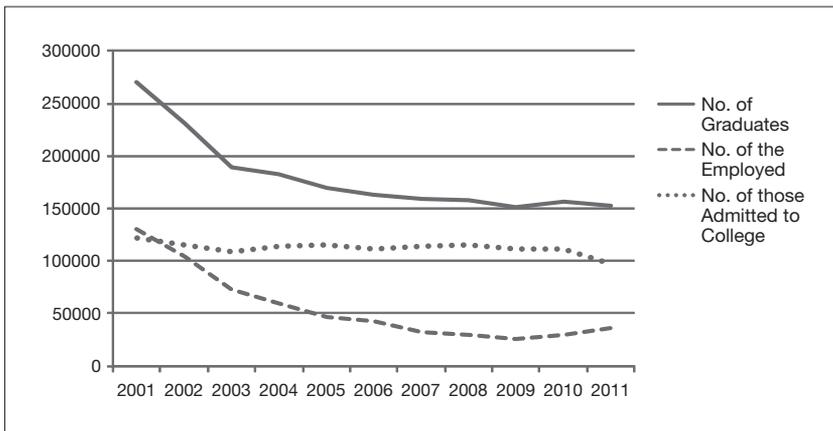


The percentage of vocational high school graduates admitted to college continued to increase to a level not much lower than that of general high school graduates, but prior to regarding it as an achievement of vocational high schools, an evaluation on the causes and background should be made first. That is because the original function of these schools is to guide their graduates to safely enter career fields by providing vocational education and career services.

The functional distinction between vocational and general high schools has been blurred in that the number of vocational high school students has sharply declined and most students graduating from general high schools and even vocational high schools have advanced to higher education. There are voices of concern that are gaining ground claiming that this reality is serious to the extent of being called “over-education” or “credential inflation.” The problem is not the high college enrollment rate itself; rather, it is that its driving force is not students’ strong interest in a certain area of study and acquiring a high level of knowledge about that area, but their perception that a college diploma will increase the possibility of employment rather than jumping into the highly uncertain labor market directly after graduation. Such changes in the career paths of young Koreans have resulted in a decline in the number of high school graduates

who aspire to find jobs upon graduation, which in turn has increased the college enrollment rate. Therefore it is necessary to identify the resulting side effects and causes arising from these circumstances and to seek out solutions to overcome such problems.

[Figure II-2] Career Status of Vocational High School Graduates



2) Employment and Problems for High School Graduates

The evaluation of the recruitment of high school graduates, which has been conducted by youth employment-related research institutes and the media, has generally been negative, although somewhat improved in recent years. Researchers have simultaneously identified the difficulties facing those graduates in securing jobs as well as workforce shortages faced by small- and medium-sized enterprises (SMEs). The core of the problem in this structure of employment can be primarily attributed to the lack of jobs.

Interestingly enough, companies as users in the labor market are complaining of the shortage of applications from high school graduates as one of their biggest hiring challenges. Research conducted by the Korea Labor Institute (2011) indicates that corporate personnel managers have observed an absolute small number of job seekers graduating from

vocational high schools, and these findings were further supported in a survey on the status of corporate utilization and recruitment demand for high school graduates conducted by the Korea Chamber of Commerce & Industry (2011).⁶⁾ The true reason behind this seemingly paradoxical coexistence of a lack of jobs and jobseekers can be summarized as an indication that there is a lack of jobs that appeal to high school graduates. In short, this reality can be explained as a phenomenon resulting from an insufficiency of so-called quality jobs.

With an increase in the college matriculation rate, the supply and demand for a limited number of quality jobs has been concentrated around a highly educated workforce, aggravating the employment conditions for high school graduates. Due to the difficulty in securing employment, an increasing number of vocational high school graduates have turned to higher education, thereby increasing the overall number of college graduates, which in turn fuels competition among highly educated people for a limited number of quality jobs. It is within reason, even without further confirmation by media reports or surveys, that jobseekers favor quality jobs with adequate pay and welfare benefits as well as job security.

However, there is also research indicating that when employment opportunities are severely limited at major companies, 72.6 percent of college students responded they would consider working for SMEs (Korea Chamber & Industry, 2012). If a recruit's academic background serves as a major factor in employment under the current labor environment, it is naturally assumed that the widening scope for the hiring of college graduates would make it more difficult for high school graduates to find jobs. In short, the problem of the recruitment of high school graduates, starting from the so-called lack of decent jobs, features a cyclical structure in which the range of problems is reproduced and strengthened. In order to break the chain of problems aggravating current employment conditions for high school graduates, it is important that employers make efforts to

6) According to a survey by the Korea Chamber & Industry (2011), 25.6 percent of the companies responded that the problems in utilizing high school graduates include the shortage of applicants, followed by early resignation in pursuit of college education (15.1%), and career disruption due to military conscription and the resulting setback in manpower management (11.9%).

provide quality job opportunities and expand the recruitment of workers with a high school diploma.

C. Female Workforce Entering the Labor Market and Employment Limitations

As an increasing number of women participate in economic activities, the existing labor environment and personnel management structure are in need of change. Korea's female participation rate in economic activities⁷⁾ stood at 53.1 percent as of 2011, 3.6 percentage points lower than the OECD member country average of 56.7 percent, with a considerable gap with France (59.7%), the U.S. (62.0%), Australia (66.7%), Germany (67.7%), and Sweden (71.9%). The female employment rate in Korea still falls well below that of major countries; however, the employment rate for women aged 25 to 34 has been on a steady increase.

An analysis of the changes in the female employment rate according to age over the past 10 years shows various rates of growth; age group 25-29 increased from 55.3 percent in 2001 to 67.8 percent in 2011, and age group 30-34 increased from 47.8 percent to 53.2 percent. Employment rates for the 25-34 and 45-54 age groups increased by 10 percentage points and four percentage points, respectively over the same period of time. Other age brackets have shown little change such as the 35-44 and 55-64 age ranges, while the 15-24 age bracket decreased by six percentage points. These figures indicate that the number of young women entering the labor market has been steadily increasing. Notably, the employment rate of women aged 35 to 39 fell to 54.1 percent from 58.4 percent. This drop signifies that the experienced female workforce leaves the workplace due to household and childcare obligations.

As increasing numbers of women are getting higher education, it is a matter of common knowledge that the management of female workers is of great significance in terms of enhancing national and corporate competitiveness for women's potential as resources in a high-quality

7) The rate of employed women aged 15 to 64

workforce.⁸⁾

<Table II-3> Female Employment Rate in OECD Countries by Age Range

(Unit: %)

Female Employment Rate		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Korea	15-64	50.95	51.96	51.11	52.16	52.54	53.08	53.24	53.19	52.21	52.63	53.11
	25-29	55.25	57.54	58.12	61.22	63.04	64.27	65.35	66.34	65.55	66.23	67.76
	30-34	47.76	48.57	48.37	48.89	48.60	51.62	52.05	51.74	50.13	52.86	53.21
	35-39	58.36	58.16	56.76	57.33	57.27	58.42	57.38	57.39	54.87	54.35	54.06
Australia	15-64	61.67	62.04	62.96	63.00	64.60	65.50	66.14	66.74	66.28	66.18	66.70
	25-29	69.98	69.04	69.80	69.73	71.47	71.62	72.34	72.44	70.76	70.17	72.29
	30-34	63.86	63.61	64.44	64.55	67.16	67.18	66.85	69.03	67.77	67.72	68.04
	35-39	65.07	65.51	66.73	64.70	66.22	68.16	69.71	68.69	69.75	69.40	69.77
Canada	15-64	65.89	66.93	67.98	68.31	68.16	68.84	69.94	70.05	69.05	68.83	68.92
	25-29	75.20	75.22	75.74	76.20	75.72	77.08	77.60	77.09	76.33	76.55	75.20
	30-34	74.43	74.75	75.36	76.82	76.61	75.81	78.05	77.08	76.54	75.47	76.57
	35-39	74.52	75.82	76.71	76.92	76.27	76.83	77.99	77.81	76.52	76.12	76.61
France	15-64	55.73	56.43	58.22	58.23	58.36	58.55	59.57	60.24	59.85	59.69	59.66
	25-29	68.92	70.81	71.82	71.34	71.90	72.79	72.52	72.85	72.31	72.18	70.88
	30-34	69.44	69.24	71.67	71.12	71.91	70.56	73.51	76.24	73.80	73.72	73.29
	35-39	71.61	72.34	73.86	74.61	73.73	75.04	76.47	78.17	78.07	77.74	76.63
Germany	15-64	58.72	58.83	58.74	59.19	59.55	61.43	63.19	64.32	65.18	66.12	67.68
	25-29	69.73	69.59	68.53	67.95	65.29	67.61	68.91	70.24	71.40	72.39	74.64
	30-34	70.95	71.09	68.37	72.01	66.48	70.00	70.96	70.53	72.23	72.61	74.92
	35-39	72.43	72.09	71.68	72.92	71.28	72.65	74.34	74.61	74.69	74.86	76.18
Japan	15-64	57.01	56.52	56.81	57.36	58.10	58.83	59.48	59.74	59.75	60.10	60.25
	25-29	65.98	66.24	68.07	69.59	70.33	71.53	71.43	71.81	72.09	72.65	72.81
	30-34	55.07	55.98	56.28	58.14	58.76	59.71	60.99	61.74	63.00	64.15	64.19
	35-39	59.30	58.62	59.47	59.35	60.00	60.93	61.51	62.16	62.13	62.63	63.88

8) Geum Jae-ho (August 2011), "What is the Matter with Female Employment?" *Monthly Labor Review*.

<Table II-3> Continue

(Unit: %)

Female Employment Rate		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sweden	15-64	73.48	73.40	72.81	71.81	71.78	72.12	73.21	73.20	70.21	70.27	71.86
	25-29	75.35	74.47	74.64	72.68	74.02	74.44	75.76	76.31	73.97	72.65	74.76
	30-34	80.66	81.06	79.00	79.19	78.26	81.14	82.78	83.38	81.24	80.89	81.87
	35-39	83.39	83.49	82.46	82.07	82.87	82.59	84.42	85.91	83.53	83.32	83.24
Switzerland	15-64	70.69	71.52	70.74	70.32	70.43	71.13	71.57	73.53	73.57	72.53	73.24
	25-29	76.85	77.84	78.66	78.88	81.49	80.09	80.42	83.84	79.74	78.73	79.82
	30-34	74.92	75.40	74.76	75.21	74.09	76.00	76.07	77.58	78.97	77.97	79.58
	35-39	78.08	78.39	76.50	74.89	74.27	73.84	75.77	78.79	78.41	77.24	77.65
U.K.	15-64	66.03	66.25	66.38	66.58	66.64	66.83	66.32	66.82	65.57	65.33	65.33
	25-29	72.26	72.51	72.54	72.44	72.13	73.02	72.64	73.72	71.57	72.08	71.47
	30-34	70.91	70.46	70.38	71.93	72.32	72.16	71.36	71.98	70.27	71.13	72.14
	35-39	73.52	73.40	74.01	73.00	72.97	72.39	73.49	73.37	73.11	72.21	71.95
U.S.	15-64	67.09	66.09	65.68	65.39	65.61	66.05	65.92	65.50	63.40	62.43	62.01
	25-29	71.84	70.80	69.66	68.71	69.33	71.23	71.11	71.38	68.37	68.13	67.27
	30-34	71.60	70.55	69.73	70.20	70.19	70.31	70.97	70.64	68.78	67.59	66.97
	35-39	73.06	71.44	70.47	70.92	71.44	71.59	71.07	71.54	69.27	68.47	68.02
OECD	15-64	55.08	55.05	55.08	55.44	55.91	56.68	57.23	57.57	56.67	56.63	56.74
	25-29	61.23	61.37	61.55	62.05	62.65	64.01	64.44	65.06	63.81	63.79	63.58
	30-34	61.47	61.51	61.06	62.23	62.15	63.07	63.90	64.29	63.46	63.38	63.48
	35-39	64.37	64.15	63.96	64.51	64.65	65.42	65.74	66.35	65.27	65.23	65.13

Source: OECD DB (updated July 2012)

The biggest challenge in utilizing a female workforce in South Korea, however, is the difficulty in employing women long term due to the requirements of traditional childrearing and household duties in comparison to male workers. In the past, women generally tended to suspend their careers due to marriage and childbirth. As a high proportion of women take a break in their careers, the female employment rate appears as an M-shaped curve in the profile of the economic activities engaged by women in all age ranges. Once their careers have been interrupted, it is

analyzed that even if they wish to re-enter the workforce, it is difficult to find a job.⁹⁾ For this reason, women in South Korea who graduated from college show a lower participation rate of economic activities than that of major OECD countries.¹⁰⁾ It should be noted that women have a college entrance rate of 80.5 percent¹¹⁾ while their participation rate in economic activities remains in the 50 percent range.

<Table II-4> Economic Participation Rate of College Graduates in OCED Countries

(Unit: %)

	South Korea	OECD Average	Japan	U.S.	U.K.	Australia	Canada	France	Denmark	Norway
Female	61.8	82.8	69.3	80.2	83.5	82.7	83.4	85.0	89.3	90.2
Male	91.8	92.1	95.5	90.3	91.7	92.4	89.9	91.3	93.1	93.4

Source: OECD Employment Outlook 2011

In conclusion, if the government fails to improve the working conditions for women and adjust personnel management accordingly by taking the distinctiveness of the female workforce into consideration, it is highly unlikely that the potential of the female workforce will be fully realized. Despite positive prospects that women are becoming more highly educated and expanding their entry into society, and thus increasing their economic participation, there remains a task to enhance the security and quality of their economic activity.

9) According to the Korea Labor Institute's *Korean Labor and Income Panel Study*, there are considerable gaps in the employment rates among women in each age bracket before and after marriage or childbirth.

10) OECD Education at Glance

11) The rate of men's college entrance is 77.6 percent. Ministry of Education, *Science and Technology's Statistical Yearbook of Education*, 2010.

2 Public Institutions' Social Responsibilities and Directions in Personnel Management

There are several improvements needed to be made in order to increase the low levels of youth employment that have resulted from the current job shortage: extend job opportunities to the wider workforce, and alter the inflexible working environment including the existing employment culture and working conditions. To bring about such change, what is of utmost importance is the commitment of the employers rather than any effort made from jobseekers or the workers providing the labor. Therefore, public institutions including SOEs are of much significance as a vehicle for employment policy. It is also clear that public institutions are important hiring agents in the Korean industrial sector since they are singled out as one of the most preferred types of workplace where jobseekers aspire to work.¹²⁾ As a result, it is very important to secure fairness and transparency in how public institutions hire employees. It is after all one of the characteristics of public institutions to take into consideration efficient management of personnel in tandem with social responsibility and equality.

A. Strengthening Social Responsibilities Through Skills and Capabilities-based Recruitment

Since 2004 when a recommendation was presented by the National Human Rights Commission, the direction in the policy of eliminating invisible barriers based on academic backgrounds has been consistently maintained. Discussions for removing such discrimination have been made since 2011 from the perspectives of “open employment for ecosystemic development” and the “realization of an open employment society where capability is valued over academic background,” with the target group of this policy embodied as “high school graduates.” The prevailing view, however, is that it will take more time to evaluate whether this policy

12) A survey by the Korea Chamber & Industry (2011) shows that college students favor major companies and state-owned enterprises as their future employers.

has had any substantial effect beyond its symbolic meaning. The recent trend for public institutions to expand the employment of high school graduates with a focus on hiring suitable people for specific tasks and levels and placing them accordingly rather than simply recruiting outstanding talent, can be viewed as an effort to strengthen public institutions' social responsibility and improve the supply and demand scheme for high school graduates that has been distorted in the labor market.

B. Job Creation

Compared to major advanced countries, South Korea's youth employment rate remains in the lowest percentile.¹³⁾ The decline in both unemployment and employment rates for youth is attributed to the fact that as the number of those admitted to college has increased, the economically inactive population has rapidly grown. Against this backdrop, the Korean government strives to diversify the employment policies of public institutions in order to increase job openings and support young people seeking employment.

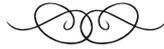
C. Expansion of Flexible Working Arrangements (FWAs)

With the fierce market competition, technological advances, and social structural changes, corporate employment, labor patterns, and circumstances have become diversified. To promptly respond to the rapidly changing and unpredictable market, there is a growing demand for human resources equipped with expertise. As an increasing number of women are entering the workforce, family-friendly working schemes have been introduced to allow women to work with efficiency. The number of female workers applying for work at public institutions is on the increase. Since 2010, the ratio for the employment of men and women has remained at similar levels, as has the number of male and female applicants. This indicates that at the time when they would grow into middle managers with high-level skills and experience, their responsibilities regarding

13) OECD Employment Outlook

family formation and childcare would also be likely to grow. Therefore, the demand for FWAs is expected to soar in the next five to 10 years.

In addition, advancements in information and communication technologies are alleviating the spatial and temporal limitations of working. Accordingly, new types of work, such as work on a contract basis, part-time work, flexible work, telework, and remote work, have entered society. As for the current government policy to relocate public institutions to the provinces, and the impact of technological developments, the demand and request for FWAs are expected to increase. There is a risk that the flexible working system could distort the original intent of regional-balanced development, but the demand for more a more flexible work system is expected to occur due to inevitability of family life.



III

Introduction of Youth Internship Program

1 Overview of Youth Internship Program

A. Introduction and Development

In Korea, an internship program was first adopted in 1984 by Lucky Goldstar (currently the LG Group) as a recruiting tool to secure outstanding talent in advance of employment; as employment conditions worsened in the late 1990s, policy-oriented internships led by the government became widespread (Noh Gyeong-ran et al., 2011). While internship programs were launched as part of ‘field-based career training’ overseas, programs in Korea were established not for the traditional youth internship purposes but as a tool to boost employment and job creation.

Internship programs provided opportunities for young jobseekers in the labor market to gain work experience prior to formal entry into society. An internship period is the time of exploring and assessing vocational aptitude through direct and indirect work performance not only for companies but also for jobseekers. While companies utilize such programs as a channel for recruitment by monitoring individuals’ prospective and current capacities of job performance, jobseekers in the internship program have the opportunity to enhance their understanding regarding practical business and company operations, identify their individual aptitudes,

and formulate their own career plans. That is, this period can serve as an effective means of minimizing the mutual trial and error period when interns are converted to regular workers.

B. YI Program for Public Institutions

Government-sponsored Youth Internship (YI) Program for public institutions, established in 2008, was introduced with the aim to solve youth unemployment caused by the economic crisis. As the employment market tightened in the aftermath of the 2008 global financial crisis, public institutions played a crucial role in the launch of the program under the objective of providing opportunities, even temporary ones, for young people.¹⁴⁾ In the early years, incentives such as providing interns with preferential treatment in gaining full-time employment were not offered, but since 2011 the YI Program has been extended as a social and employment policy encouraging public institutions to convert younger interns to full-time employees and to include a measure that considers employment of high school graduates into its operational plan from the perspective of social equity. When hiring full-time workers, public institutions are required to employ at least 20 percent of their new recruits from those with internship experience and are encouraged to hire a certain proportion of high school graduates out of the entire pool of interns. The recommended level of employing high school graduate interns was raised to 20 percent in 2012.¹⁵⁾ In addition, one of the changes in the program is that the age limit for applicants, formerly restricted to those under 29 years of age, was removed and a new principle was set up to recruit a workforce who would enter society (recent graduates).

The total number of youth interns expected to be hired by public institutions including SOEs in 2011 was 9,532; but in practice, the number reached 13,417, an additional 3,885 people. In 2012 the number of youth

14) Public institutions that implement the YI Program are those stipulated in the Act on the Management of Public Institutions, which recruit interns among the unemployed through open competition.

15) In 2011, the recommended rate of high school graduates for interns was five percent.

interns is expected to reach 12,082.¹⁶⁾ In a reality where public institutions' increase in employment is strictly regulated, it is almost impossible to offer full-time status to every intern; therefore, one of the important policy objectives of public institutions in operating the YI Program is to assist interns in how to strengthen their own competitiveness in the labor market based on the work experience acquired through in-service training during their internship period.

<Table III-1> Employment Status of Public Institutions' Youth Interns

(Unit: person)

Classification	Plan (2011)	Performance (2011)	Change (2011)	Plan (2012)
Total	9,532	13,417	3,885	12,082
SOEs	3,239	4,064	825	4,830
Quasi-governmental Institutions	3,066	5,143	2,077	3,729
Non-classified Public Institutions	3,227	4,210	983	3,523

Source: press release on December 20, 2011 and April 3, 2012, Ministry of Strategy and Finance

2 Recent Policy Directions in Youth Employment: Use of Internships

Problems concerning youth employment have been identified in previous studies. Kim Yong-seong (2009, p.17) presented the four causes of these problems in a study on youth unemployment since the “Asian economic crisis” as follows: deteriorated economic base for creating new jobs and constantly providing quality jobs; jobseekers' academic inflation; the increased propensity for employing non-regular and experienced workers; and problems arising from the process of seeking jobs and hiring workers. Considering that the youth unemployment rate stood at 7.6 percent, double that of the average unemployment rate of 3.3 percent in 2011, solving the problems regarding youth employment and

16) Twenty percent of new positions are allotted to be filled with high school graduates.

unemployment is the fundamental task for Korean labor policy.¹⁷⁾

One of the government's key policies related to youth employment in the 2000s is to effectively implement the internship system. Representative examples include the Government Internship Program,¹⁸⁾ SME Internship Program, and the YI Program for public institutions. The aim of such programs is to offer job opportunities for unemployed jobseekers and strengthen their job-related capacity, thereby assisting prospective employees in sharpening their competitive edge in the labor market.

A. Government Internship Program

An operational plan for the Government Internship Program was developed in November 2008 and under this program, the Ministry of Public Administration and Security recruited 60 interns in December 2008. The program was expanded in 2009, as central administrative agencies and local authorities followed this trend, in detail, with 46 central administrative agencies recruiting 5,000 interns and local authorities with 10,000 interns, respectively. The scale of the South Korean government's recruitment was gradually reduced from 2010 and then eliminated in January 2011. In 2010, 43 central administrative agencies recruited 3,000 interns and 246 local governments recruited 7,000 (as of January 2010);¹⁹⁾ the number decreased to a total of 4,300 in the latter half of 2010 before the discontinuance of the internship program in 2011.

The program achieved its first policy goal of providing temporary jobs to unemployed young people, but the primary tasks assigned to interns for the working period of five to 12 months consisted of basic tasks and mechanical work, which added to the skepticism whether this

17) The problems of the youth labor market remain unresolved as the uncertain economic environment, which triggered the recurrence of economic crises such as the Asian economic crisis in 1998 and the global financial crisis in the latter half of 2008, has deepened, in turn rapidly tightening corporate investment and employment. That is because in the corporate perspective, companies should curtail fixed costs through the reduction in cost of labor, and streamline the structure, securing flexibility, in order to ensure crisis management.

18) The Government Internship Program was implemented until the end of 2010 and was abolished on January 1, 2011.

19) Ministry of Public Administration and Security (2010a)

program would be able to enhance interns' job performance capacity. In addition, incentives to encourage participants to be fully engaged during their internship periods were fundamentally insufficient considering their unfavorable working conditions and job insecurity, thereby making it difficult to make a steady operation of the program. This was confirmed by the lower results at central administrative agencies in comparison to internships implemented by local authorities, SOEs, and small and medium-sized companies (Lee Gyu-yong, 2009).

B. SME Internship Program

The SME Internship Program was set up by the Ministry of Employment and Labor with the intent to improve the working environment of small and medium-sized enterprises (SMEs) and to offer job opportunities for young unemployed individuals. The SME Internship Program bears similarity with the Government Internship Program in that its policy orientation is to support unemployed young people in their pursuit of gaining tangible work experience through internships. However, the SME Internship Program differs from the Government Internship Program in a few key aspects: it ensures the continuity of employment to some degree; enhances the likelihood of gaining full employment by encouraging interns to seek full-time jobs after the internship period is completed; and provides SMEs with incentives to solve labor shortages and reduce personnel expenditures. Unlike the Government's Internship Program which was designed in part to offer temporary jobs as a response to the economic downturn, this internship program provides benefits to both employers (users) and employees (suppliers) because it aims to support young people seeking jobs and simultaneously secure a stable supply of human resources for SMEs. At its essence, the SME Internship Program was designed to raise the likelihood of successful employment since during the internship period, employers evaluate interns' job performance, and interns consider the suitability of the job for their goals and interests thereby resulting in solving the shortages of jobs and workers, a paradoxical problem in Korea.

The primary agents implementing the SME Internship Program

are private employers, with assistance from the South Korean government in accordance with the Employment Insurance Act that stipulates “the recipients of the priority support” are workplaces in which no less than five workers are ordinarily employed. In addition, those eligible to apply for the SME Internship Program are entry-level young people new to the labor market, no less than 15 years of age to no more than 29 (as for those discharged from military service, the maximum eligible age is 31), the unemployed, and those with the unemployment insurance history of less than six months.

The interns under this program are workers as prescribed by the Labor Standards Act, who are offered coverage under the nation’s four major public insurance systems as well as short-term contracted workers’ status for up to six months. Since 2012, the internship period has been reduced to up to four months in the workplaces with no less than 100 workers. Under this program, the South Korean government offers 50 percent (up to 800,000 won) of the wage agreed upon in the employment contract²⁰⁾ to SMEs during the internship period; when interns are converted to regular workers, the government provides financial assistance of 650,000 won on a monthly basis for six months. Lee Gyu-yong (2009) found in his study that the SME Internship Program has produced a net employment effect and 64.0 percent of youth participants in the internship program and 78.4 percent of participatory companies confirmed that the internship program expanded the creation of employment.

C. Youth Internship Program (YI Program) at Public Institutions

The YI Program for public institutions began in 2008 with the objective of providing temporary job opportunities for the unemployed as well as assisting them in raising their competitiveness in the job market. Each internship period is independently determined by public institution within the range from five months to 12 months (30-40 hours a week), and tasks to be conducted by interns vary according to the characteristics

20) Under the SME Internship Program, wages are determined autonomously by agreement of both parties, and the company that hires interns should directly offer pay to the interns.

of each public institution. The governmental guidelines stipulate that interns should be assigned with specific tasks, rather than simple clerical assistance or miscellaneous work, in principle, but they are banned from tasks requiring high security clearance. Wages range from 800,000 to 1.1 million won and are paid by relevant institutions. Unlike the government interns or SME interns, wages for those working at public institutions are disbursed from project expenses, and are not financially supported by the government.

Guidelines regarding conversion from intern to full-time status recommend that public institutions hire more than 20 percent of their new workers from those who have intern experience, and within that group another 20 percent are recommended to be from high school graduates with internship experience. Participating public institutions are required to strengthen the management of intern work performance and educational support, which includes providing an orientation for interns and making strict performance assessments. They also are encouraged to give preference to outstanding interns by waiving the job application review process or providing additional incentives during the recruitment process. In 2012, 285 public institutions planned to employ 12,000 young people as interns.²¹⁾

Introduction and Implementation of the YI Program

A. Tightened Job Market and Changes in Internship Programs

Since their adoption in the 1980s, internship programs were rapidly established as a recruitment system for major companies to hire outstanding talent. They served as a tool for companies to identify and select talented personnel and to improve corporate images. In the outbreak of the economic crisis in late 1997, however, companies reduced their number of employees and underwent structural reorganization, thereby suspending new employment and internships. While the excess

21) Ministry of Strategy and Finance, see the 2012 Operational Plan for the YI Program.

supply of talented labor with higher education that began in the 1980s continued to grow, the suspension of employment in the private sector further aggravated unemployment. Against this backdrop, as part of efforts to resolve unemployment, an IMF internship program led by the Korean government was launched in June 1998. The program was evaluated as having a limited effect because in the process of implementing the internship program, the government strongly demanded that private corporations create jobs but faced strong resistance and passive participation (Lee Jong-gu et al., 2008). As a tool to create jobs, the government attempted to promote internship programs but it was difficult to gain support and cooperation from companies due to adverse economic conditions.

B. Expansion of Personnel Management and Social Policy Functions

1) Limitations of Korean Internship Programs

According to the changes in economic circumstances, Korean internship programs have undergone changes in their extent and scope of utilization as well as in the agents promoting them, but the characteristics observed in the course of the establishment of such programs can be summarized as the following. First, the internship programs that began as a tool to hire excellent talent have been utilized as a recruitment method, rather than as field experience or an educational tool. While they have functioned as a system to select outstanding human resources in the private sector, the South Korean government, which originally led the programs for the purpose of creating jobs, has also essentially utilized their intrinsic function as a recruitment tool. Second, the internship scheme has limitations in serving as a means of job creation. Under the circumstances where working conditions that triggered the recurrence of economic crises have not been improved remarkably, the government would eventually face limitations in utilizing internships as a tool to add more jobs. As companies that underwent economic crises have favored irregular recruitment by hiring workers whenever necessary, and employing experienced workers, the internship programs were not always appropriate as a vehicle to

resolve the problem of job shortages for the highly educated individuals entering the labor market. Companies used internship programs to select “outstanding” talent “after a certain period” of verification. However, as was proved in the IMF Internship Program, internship programs in actuality cannot produce substantial effects unless the government acts as the direct employer hiring individuals.

2) Expansion of Policy Interns

There is room for the South Korean government to reflect its policy commitment on the recruitment of public institutions, including SOEs, since the government is the manager that supervises personnel and budgets, even though it is not the direct agent of the employment of public institutions. Since the financial crisis in 2008 impacted the world, the Korean government has implemented the YI program as part of overall measures to deal with youth unemployment. Although the government recommended the conversion of interns working at public institutions to full-time status, the programs fall short of creating enough jobs in a direct and stable manner. Therefore, it may be valid to turn interns to full-time workers, but intern programs have been primarily operated to resolve youth unemployment on a temporary basis in addition to enhancing career capacities for future employment.



Introduction and Utilization of the YI Program: Analysis of Current Status

Private companies find few incentives to operate a large-scale internship program due to the high cost. Even for short-term internships, companies must set aside wages, and are required to deploy personnel dedicated to inspecting and evaluating interns’ capacities in the field during a period of four to seven weeks, in addition to necessitating participation and cooperation from the departments in the field. All factors considered, the current numbers of young intern recruits at public institutions is not small.

Except for some SOEs that utilize the YI Program as a method for recruitment, most public institutions are recommended to use this program to provide opportunities for young people to gain meaningful work experience and enhance their job prospects, rather than to secure outstanding human resources. To this end, it is necessary to evaluate the YI Program through the examination of current and actual situations, and explore ways for improvement. Therefore, this paper analyzes a survey on the current status of the YI Program implemented at public institutions by the Ministry of Strategy and Finance.

A. Overview of Internship Status by Type of Institution

1) Survey Subjects

A survey was conducted for 111 SOEs and quasi-governmental institutions that fall under the performance evaluation system for public institutions—excluding non-classified public institutions—and the number includes seven institutions with no record of hiring young individuals as interns or with no plan to recruit interns.²²⁾

<Table III-2> Target Public Institutions

(Unit: person, %)

Institution Type		Total		Valid Cases	
		No. of Institutions	Percentage	No. of Institutions	Percentage
SOEs	Market-based	14	12.6	12	11.5
	Quasi-market-based	14	12.6	12	11.5
Quasi-governmental institutions	Fund-management-based	17	15.3	17	16.3
	Commissioned-service-based	66	59.5	63	60.6
Total		111	100.0	104	100.0

22) Seven institutions that currently had no interns or any plan to recruit interns in 2012 were excluded: Korea South-East Power Co., Ltd., Korea Midland Power Co., Ltd., Korea Land & Housing Corporation, Korea Coal Corporation, Korea Industrial Complex Corporation, Korea Fisheries Resources Agency, and Korea Student Aid Foundation.

Ten percent, or a total of 10 workers hired under the YI Program at each institution, replied to the survey. High school graduates working as interns accounted for 10.6 percent, or 117 out of a total of 1,105 (see <Table III-3>).

<Table III-3> Composition of Youth Interns and High School Graduates

(Unit: number, %)

Institution Type		Youth Interns		High School Graduate Interns		Ratio of High School Graduate Interns
		Number	Ratio	Number	Ratio	
SOEs	Market-based	196	17.7	14	12.0	7.1
	Quasi-market-based	185	16.7	28	23.9	15.1
Quasi-governmental institutions	Fund-management-based	134	12.1	10	8.5	7.5
	Commissioned-service-based	590	53.4	65	55.6	11.0
Total		1,105	100.0	117	100.0	10.6

- Note: 1. High school graduate interns refer to individuals working in internship positions who responded that their final level of education is high school.
 2. The ratio of high school graduates is calculated by the number of high school graduate interns multiplied by 100 (%).
 3. The average number of high school graduate interns refers to the number of high school graduate interns at each institution.

2) Recruitment, Promotion, and Application Process of the YI Program

Most participants in the YI Program are those who have already entered or are poised to enter the labor market. It was found that before they were employed as youth interns, most were seeking jobs for less than six months, and 11.1 percent for more than one year. It was also identified that the interns obtained employment information related to the YI Program from the government (24.0%), public institutions (13.6%), media sources (22.2%) and schools or colleges (15.3%), and almost none from family, acquaintances, or the currently employed (0.8%). This indicates that since its introduction, the YI Program has been promoted as an official

system to young individuals seeking employment.

<Table III-4> Job-seeking Period Prior to Internship

(Unit: number, %)

Period of seeking employment	3 Months or Less	6 Months or Less	1 Year or Less	More than 1 Year	More than 2 Years	More Than 3 Years	Total
Respondent	491	312	179	91	15	17	1,105
Ratio	44.4	28.2	16.2	8.2	1.4	1.5	100.0

Almost half of the respondents said that they applied for public institutions' YI Program with the prospect of seeking full-time employment at the respective public institutions in mind (49.8%). Primarily, these findings reflect the expectations of participants in the internship program with regard to the South Korean government policy of recommending the use of internships as a path towards full-time employment. It was expected that youth interns in all types of public institutions—market-based, quasi-market-based, fund-management-based, and commissioned service-based—had the goal to be fully employed by a public institution after the completion of their internship. This trend was stronger among workers in SOEs, and the fact that the expectation of employment was the most common motivator for those in public institutions based in construction, transportation, electricity, and energy; mostly market-based or quasi-market-based institutions, also demonstrates this trend.

<Table III-5> Motivation for Applying to the YI Program

(Unit: %)

Classification		Financial Income	Personal Career Management	Field Experience	Experience of Public Institution	Anticipation of Employment	Other	Total
Total Respondents		3.6	15.4	22.0	8.1	49.8	1.1	
Type	Market-based	1.5	6.1	11.7	6.6	72.4	1.5	100.0
	Quasi-market-based	3.2	11.4	18.9	5.4	60.0	1.1	
	Fund-management-based	2.2	20.9	25.4	11.9	39.6	0.0	
	Commissioned-service-based	4.7	18.4	25.7	8.6	41.4	1.2	
Industry	Construction and Transportation	2.2	4.8	19.4	4.8	67.7	1.1	100.0
	Finance and Insurance	5.1	22.6	20.0	12.8	39.0	0.5	
	Electricity and Energy	0.5	5.7	13.2	5.7	73.1	1.9	

However, it is worthy to note that interns at public institutions in the fields of finance and insurance showed lower expectations for employment than those in other fields. The percentage of those expecting to seek full-time jobs was higher than other motives, but below 40 percent, and these respondents also showed great interest in building careers and acquiring expertise from their respective fields of interest.

While youth interns in construction and transportation or electricity and energy were found to generally use the internship program as a channel for entry into public institutions, those in finance and insurance were interested in career management and an accumulation of field experience. If it is taken into consideration that public institutions are playing a leading role in most fields, while with the finance and insurance sectors, private financial institutions are providing wages, compensation, and job security comparable to those of public institutions, it can be interpreted that there are somewhat different responses in the fields of finance and insurance in comparison to other sectors because there are incentives to utilize job

opportunities and career experience of youth internships in terms of long-term personal career management. There were relatively few respondents working for financial gains; rather, the larger percentage of respondents regarded their internship as an opportunity to acquire expertise and job experience.

B. Evaluation of the YI Program

1) Working Conditions

A survey of intern wages showed that approximately 11.2 percent of respondents earned less than one million won a month, and 9.5 percent 1.5 million won or more. Most were paid around 1-1.2 million won in a month.

<Table III-6> Average Monthly Wages for Youth Interns

(Unit: %)

Wage Range (Korean won)		Below 1 million	Below 1.1 million	Below 1.2 million	Below 1.3 million	Below 1.4 million	Below 1.5 million	1.5 million or more	Total
Total Respondents		11.2	31.1	29.9	10.2	5.6	2.4	9.5	100
Type	Market-based	12.2	21.9	15.8	16.3	11.7	1.0	20.9	
	Quasi-market-based	8.1	29.7	43.8	2.7	0.0	5.4	10.3	
	Fund-management-based	6.7	19.4	45.5	14.9	5.2	0.0	8.2	
	Commissioned-service-based	12.9	37.3	26.6	9.5	5.4	2.5	5.8	
Industry	Construction and Transportation	4.8	22.6	28.0	18.8	16.1	1.1	8.6	
	Finance and Insurance	15.4	46.2	22.6	12.3	3.6	0.0	0.0	
	Electricity and Energy	11.3	27.8	27.8	11.8	0.0	0.9	20.3	

A comparison by type of public institution shows that in market-based SOEs, 20.9 percent of interns received a monthly income of at least 1.5 million won, and in other types of public institution, monthly salary was around 1.1-1.2 millionwon. The wage range complies with the results of examining public institutions by industry. Notably, public institution wages in the finance and insurance sectors were relatively lower than those in other industries. As for the level of wage satisfaction, most respondents were neither very satisfied nor very dissatisfied. When comparing type of public institution, interns in the commissioned-service-based public institutions, whose highest proportion received a monthly pay of one million won, expressed relatively stronger discontent (29.3%).

<Table III-7> Wage Satisfaction Among Youth Interns

(Unit: %)

Classification		Very Satisfied	Satisfied	Neutral	Unsatisfied	Very Unsatisfied	Total
Total Respondents		7.0	28.1	40.5	19.3	5.1	100
Type	Market-based	9.7	30.3	40.5	14.9	4.6	
	Quasi-market-based	7.6	33.7	41.3	16.3	1.1	
	Fund-management-based	6.0	32.8	41.0	15.7	4.5	
	Commissioned-service-based	6.2	24.4	40.2	22.6	6.7	
Industry	Construction and Transportation	4.3	25.4	41.1	22.2	7.0	
	Finance and Insurance	2.6	31.8	45.6	19.5	0.5	
	Electricity and Energy	12.9	26.7	42.4	13.8	4.3	

The youth interns with relatively higher satisfaction in pay, those working in public institutions related to electricity and energy, were found to have more positive perceptions in terms of satisfaction and usefulness of the tasks assigned to them compared to those in other industries. Public

institution interns in construction and transportation as well as finance and insurance were also found to be generally highly satisfied with their work. In terms of the type of public institution, interns in market-based public institutions showed high satisfaction, which is consistent with the results shown by those in the electricity and energy sectors.

<Table III-8> Level of Satisfaction of Youth Interns Regarding Assigned Tasks

(Unit: %)

Classification		Very Satisfied	Satisfied	Neutral	Unsatisfied	Very Unsatisfied	Total
Total Respondents		0.2	3.1	28.2	50.0	18.6	100
Type	Market-based	0.5	3.6	20.9	52.6	22.4	
	Quasi-market-based	0.0	2.7	28.4	49.7	19.1	
	Fund-management-based	0.0	3.7	26.1	54.5	15.7	
	Commissioned-service-based	0.2	2.9	31.1	48.1	17.7	
Industry	Construction and Transportation	0.0	3.8	31.9	50.8	13.5	
	Finance and Insurance	0.0	1.5	37.4	49.7	10.8	
	Electricity and Energy	0.5	1.9	17.5	54.2	26.9	

A comparison of degree of satisfaction regarding wages and assigned tasks indicates that satisfaction with assigned tasks was higher than satisfaction with wages in all types of public institution.

<Table III-9> Types of Tasks Assigned to Youth Interns

(Unit: %)

Classification		Simple Administrative Assistant Work	Computation & Statistics	Research & Study	Irregular, One-time Task	On-site Support	Other	Total
Total Respondents		39.1	8.2	11.4	10.9	16.7	13.6	100
Type	Market-based	33.8	6.4	12.7	16.2	18.1	12.7	
	Quasi-market-based	28.2	3.7	9.6	11.7	35.6	11.2	
	Fund-management-based	50.7	6.6	11.0	10.3	5.9	15.4	
	Commissioned-service-based	41.8	10.6	11.6	9.1	12.8	14.3	
Industry	Construction and Transportation	19.1	6.4	11.7	12.2	40.4	10.1	
	Finance and Insurance	63.1	5.1	7.2	8.7	5.6	10.3	
	Electricity and Energy	31.2	9.0	11.3	14.0	16.3	18.1	

However, the tasks given to youth interns mainly consisted of simple, administrative tasks. A comparison of public institutions by type shows that only in quasi-market-based SOEs, the proportion of on-site supporting services was high, while in fund-management-based quasi-governmental institutions, more than a majority of interns were in charge of administrative assistant services. When this result is analyzed based on industrial sector, interns in construction and transportation were engaged in on-site support and simple administrative assistant services, while 63.1 percent of interns working in the finance and insurance sector handled simple administrative tasks. These results indicate that youth interns were for the most part being utilized to conduct simple affairs.

In order to establish the YI Program as a recruitment tool for regular employment in compliance with government policy, public institutions need to make efforts to specify the direction in utilizing the YI Program with a focus on permanent or regular tasks, thereby ensuring that the

program will be operated as a probationary step to select outstanding talent through the evaluation process. It is true that interns in charge of on-site support services could have the opportunity to make major organizational contributions depending on the nature of their individual unit of work. Interns could also carry out a crucial role in an organization or accumulate field experience through simple, administrative affairs or irregular, one-time tasks; but if the scope of the assigned tasks are not extended to regular or routine work, then the YI Program could simply result in the limited outcome of offering temporary job opportunities for young people's career management, rather than being established as a new path to employment. When public institutions aggressively utilize this internship program for young workers to strengthen their employment capacity and apply an effective tool to select excellent human resources—rather than just passively comply with the government policy that was formulated to ease the tightened job market for youth—this program will be able to find its ground towards become a permanent system.

During interviews with personnel managers, they noted the limitations of assigning tasks to participants in the YI Program. This was because it was difficult for employers to anticipate the exact duration of an intern's time at their company, although the internship period was set from five to 12 months, and interns were inevitably excluded from certain business requiring access to customer information and security. In addition, under circumstances where employment was not guaranteed after the internship period, a wide disparity in salary between regular workers and interns could burden personnel managers who were assigning the same task. This problem stems from the fact that the policy objectives of the YI Program are excessively inclusive and comprehensive.

2) Understanding and evaluation of the YI Program

As shown in <Table III-5>, the largest number of youth interns said that they applied for internships at public institutions “for the expectation of future employment.” As such, the largest portion of interns, or 56.9 percent, responded that the YI Program should be operated as “a new recruitment means of discovering outstanding talent.” It was also found

that one of the program’s major functions was to prevent the career interruption of young people.

<Table III-10> Objectives and Function of YI Program

(Unit: %)

Classification	Temporary Response to Economic Situation	Prevention of Career Interruption	Support for Employment in Private Sector	Means of Job Creation	Recruitment Method	Other	Total
Proportion	9.9	13.6	7.1	11.8	56.9	0.8	100

The general evaluation of how the YI Program was operated found that more than a majority of interns were satisfied. Of the respondents surveyed, 65.4 percent gave positive responses, with those in the quasi-market-based SOEs showing the highest levels of satisfaction and the lowest showing dissatisfaction. The proportion of interns dissatisfied with the way the program was implemented was generally low and their dissatisfaction arose from concerns and anxiety regarding the uncertainty of securing a full-time position (65.3%). In addition, low wages and unclear task assignments were pointed out as areas needing improvement.

As the South Korean government recommended the utilization of the YI Program as a recruitment channel towards full-time job status, the evaluation of interns’ job performance has become of greater significance. Most participants agreed that their performance was evaluated in a fair manner (77%), and only a slight difference between type and sector of public institutions was detected. However, it may be too early to mention the fairness of respondents’ evaluations since further examination is required as most interns worked for only short periods of time.

<Table III-11> Fairness of Evaluation for Interns' Performance in Public Institutions

(Unit: person, %)

Classification	Evaluation of work progress and performance based on accurate understanding	Evaluation based on relatively fair standards	Subjective evaluation according to supervisor's own standards	Very unfair evaluation with provision of favorable treatment to prospective workers to be converted to full-time status	No performance evaluation	Other	Total
Total Respondents	249 (22.6)	598 (54.4)	94 (8.5)	2 (0.2)	50 (4.5)	107 (9.7)	1,100 (100)
Type	Market-based	48 (24.6)	118 (60.5)	13 (6.7)	0 (0.0)	4 (2.1)	195 (100)
	Quasi-market-based	38 (20.8)	107 (58.5)	18 (9.8)	0 (0.0)	8 (4.4)	183 (100)
	Fund-management-based	26 (19.4)	72 (53.7)	16 (11.9)	0 (0.0)	8 (6.0)	134 (100)
	Commissioned-service-based	137 (23.5)	301 (51.5)	47 (8.0)	2 (0.3)	30 (5.1)	584 (100)
Industry	Construction and Transportation	30 (16.3)	124 (67.4)	19 (10.3)	0 (0.0)	2 (1.1)	184 (100)
	Finance and Insurance	41 (21.4)	93 (48.4)	9 (4.7)	1 (0.5)	6 (3.1)	192 (100)
	Electricity and Energy	67 (31.8)	122 (57.8)	9 (4.3)	0 (0.0)	4 (1.9)	211 (100)

Note: 1. The most common response classified as 'other' is 'unknown' (because it was not the period for the performance evaluation; the internship period was too short; or there were other reasons for non-disclosure).
 2. The figure in the parenthesis indicates the proportion.

3) Training programs for enhancing employment capacity

Of the surveyed interns, 71.3 percent responded that they had never participated in education or training programs offered by public institutions before, yet participants showed a very high level of satisfaction.

<Table III-12> Participation in Education and Training Programs

(Unit: person, %)

Classification		No	Yes	Total
Total Respondents		786 (71.3)	316 (28.7)	1,102 (100)
Type	Market-based	147 (75.0)	49 (25.0)	196 (100)
	Quasi-market-based	102 (55.1)	83 (44.9)	185 (100)
	Fund-management-based	91 (67.9)	43 (32.1)	134 (100)
	Commissioned-service-based	446 (76.0)	141 (24.0)	587 (100)
Industry	Construction and Transportation	124 (67.8)	59 (32.2)	183 (100)
	Finance and Insurance	153 (78.5)	42 (21.5)	195 (100)
	Electricity and Energy	137 (64.6)	75 (35.4)	212 (100)

Note: The figure in the parenthesis indicates the proportion.

Regarding respondents' satisfaction with acquiring knowledge in their field of interest, 32.7 percent replied that the program was a great help, while 47 percent said that their internships helped their overall understanding of their duties. Approximately 80 percent of youth interns working in SOEs and quasi-governmental institutions were satisfied with the educational program for employment capacity enhancement.

<Table III-13> The Degree of Helpfulness of Education Program for Employment Capacity Enhancement

(Unit: person, %)

Classification	Greatly helpful in accumulating relevant information in their field of interest	Helpful in gaining a general understanding of business	Only to gain general information	Education and training programs were not various	Superficial operation of such programs not reflecting their field of interest	Other	Total
Total Respondents	110 (32.7)	158 (47.0)	36 (10.7)	13 (3.9)	11 (3.3)	8 (2.4)	336 (100)
Type	Market-based	20 (38.5)	21 (40.4)	6 (11.5)	2 (3.8)	3 (5.8)	52 (100)
	Quasi-market-based	25 (26.3)	54 (56.8)	9 (9.5)	2 (2.1)	1 (1.1)	95 (100)
	Fund-management-based	18 (39.1)	19 (41.3)	5 (10.9)	2 (4.3)	2 (4.3)	46 (100)
	Commissioned-service-based	47 (32.9)	64 (44.8)	16 (11.2)	7 (4.9)	5 (3.5)	143 (100)
Industry	Construction and Transportation	24 (30.8)	43 (55.1)	5 (6.4)	2 (2.6)	2 (2.6)	78 (100)
	Finance and Insurance	15 (34.9)	19 (44.2)	5 (11.6)	3 (7.0)	0 (0.0)	43 (100)
	Electricity and Energy	23 (31.5)	36 (49.3)	10 (13.7)	1 (1.4)	1 (1.4)	73 (100)

Note: 1. The survey was designed to have only those respondents who gave a positive answer to question 4 respond to this question, but the results of the survey were inconsistent.

2. The figure in the parenthesis indicates the proportion.

Interns who completed an educational program evaluated it as having been helpful in improving their capacity for seeking employment. However, different responses were given with regards to public institutions' general support for activities leading to full-time employment depending on the individual. Those working at SOEs tended to express relatively higher levels of satisfaction, while many of those in quasi-public institutions said that information and access offered by the institutions were not sufficient.

<Table III-14> Evaluation on Public Institutions' Activities Supporting Full-time Employment

(Unit: person, %)

Classification	Evaluation of work progress and performance based on accurate understanding	Evaluation based on relatively fair and objective standards	Subjective evaluation according to supervisor's own standards	Very unfair evaluation with provision of favorable treatment to prospective workers to be converted to full-time status	No performance evaluation	Other	Total
Total Respondents	298 (27.3)	189 (17.3)	161 (14.8)	313 (28.7)	57 (5.2)	72 (6.6)	1,090 (100)
Market-based	62 (32.1)	27 (14.0)	27 (14.0)	49 (25.4)	11 (5.7)	17 (8.8)	193 (100)
Quasi-market-based	54 (30.0)	38 (21.1)	42 (23.3)	31 (17.2)	4 (2.2)	11 (6.1)	180 (100)
Fund-management-based	37 (27.8)	27 (20.3)	14 (10.5)	41 (30.8)	7 (5.3)	7 (5.3)	133 (100)
Commissioned-service-based	145 (24.8)	97 (16.6)	78 (13.4)	192 (32.9)	35 (6.0)	37 (6.3)	584 (100)
Construction and Transportation	39 (21.2)	36 (19.6)	44 (23.9)	44 (23.9)	12 (6.5)	9 (4.9)	184 (100)
Finance and Insurance	56 (29.2)	34 (17.7)	32 (16.7)	47 (24.5)	6 (3.1)	17 (8.9)	192 (100)
Electricity and Energy	79 (37.8)	30 (14.4)	35 (16.7)	42 (20.1)	7 (3.3)	16 (7.7)	209 (100)

Note: 1. General companies and public institutions

2. The figure in the parenthesis indicates the proportion.

5 Sub-conclusion

A. Problems and Suggestions for Improvement

Public institutions' YI Program can be given a positive evaluation for their institutional achievement since participant interns expressed high levels of satisfaction. Compared to other internship programs, including private companies' internships and the government-assisted SME Internship Program, the YI Program provides a period of work that is not too short which allows jobseekers to be freed from unemployment for a relatively long time, as well as enhance their job capacity. Despite these systemic strengths, it has been criticized for one major problem: limitations in linking the internship with full-time employment. The program has been implemented as part of efforts to solve unemployment arising from the tightened labor market, but it is skeptical that the program will practically serve as a mechanism for long-term job creation. The reason for this is because although the program is supporting young people to avoid the trap or the stigma effect stemming from having an early period of unemployment, none of the concerned parties—that is, the South Korean government, public institutions, and the youth—cannot benefit from this program unless they strengthen their competitive capacity during the internship. Therefore, it is necessary to review and improve the function of the youth internship program by considering the following suggestions.

First, the objectives of the youth internship program and the direction of personnel management should be clearly defined. The current program reflects policy goals to resolve youth unemployment, to create jobs, and to enhance employment competence. In reality, however, there is considerable difficulty for public institutions to produce a large number of jobs due to limitations in personnel planning and budgets, and only a limited number of public institutions can provide field experience for enhancing interns' job competence. Therefore, internship programs need to be tailored and specified according to the characteristics of each institution. There is a need to consider dividing the programs roughly into employment-guaranteed internships and internships linking education and field work with the aim of offering field experience. If the Korean

government fails to present a clear direction for the internship program, it will be difficult to avoid ongoing criticism that the existing YI Program is inadequate with regards to opening up full-time employment opportunities and field training for interns.

Second, the internship period should be also discussed, along with a review of its policy direction. Presently, interns at public institutions work up to 12 months, but if conversion to full-time status is not made certain or employment competence is not greatly improved, interns are highly likely to return to unemployment. Rather than extending the internship period, it is necessary to strengthen interns' job competence within a short period. As seen in overseas internship programs, government-supported SME internship programs, and private companies' internships, the internship period is generally shorter than that of the youth internship program implemented by public institutions. Some corporate internship programs last for a year but it should be noted that in most cases, their internships lead to permanent positions after the successful completion of the internship. Without the guarantee of employment, a long-term internship could be wasteful for both the institution and the intern. There is no clear standard regarding the appropriate internship period, but if the program's objectives are to select workers and provide on-site experience, then it would be desirable to support them in securing full-time employment in the labor market as soon as possible.

Third, it should be taken into consideration that most public institutions have limitations in supporting unemployed jobseekers in terms of enhancing their working competence. The reason for this is because most tasks assigned to interns are simple, administrative tasks, which do not subsequently enhance the work capacity of a participant. Except for some of major SOEs, it is too much to expect that the public institutions' YI Program would increase the possibility of young people gaining employment. Indeed, it should be noted that those in charge of personnel at private corporations recognize that the public institutions' YI Program is a tool to avoid unemployment or career interruption rather than a path to self development and career management that increase the value of jobseekers. In addition, it should also be noted that public institutions have difficulty in predicting when participants in an internship program might

quit and they are skeptical about allowing interns to handle tasks in need of security clearance.

Fourth, the YI Program is largely influenced by government policy rather than the demand for human resources and a long-term personnel plan for each relevant institution, so there is a strong likelihood of discontent from the participating institution and interns. While there might be increased requests from the South Korean government to expand the number of interns, in order to operate a quality internship program, the scale should be determined based on each institution's capacity to manage personnel rather than social demands for job creation. Another approach for consideration is to entrust the government with the task of presenting comprehensive policy guidelines, while simultaneously allowing institutions to design and implement internship programs autonomously.

B. Policy Suggestions

The YI Program for public institutions, a policy-based internship system led by the South Korean government, can be positively evaluated because under this program, public institutions, which pursue social responsibility and contribution as part of their core values, provide work opportunities for unemployed youth. However, if social responsibility and contributions to society are emphasized without consideration of having a strategic plan or efficient personnel management, then the internship program could have adverse effects on the operation and achievement of those participating public institutions. Therefore, a fundamental consideration of how to reflect social responsibility and roles into the program should come first.

First of all, there should be an awareness of the fundamental limitations in expanding the scale of employment by the current YI Program. Without guaranteeing future employment, the temporary creation of jobs becomes a mere stopgap measure which could hardly be seen as a realization of social responsibility. Therefore, it is recommended to figure out what measures can contribute to society through the YI Program while keeping in mind the focus of the fundamental function of an internship, which is to create full-time employment.

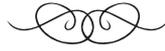
First, employment channels need to be diversified so that the YI Program can be utilized as a hiring means in the same manner as internships are used in private companies. While the regular open recruitment of employees is a system to select outstanding people based on their academic performance or work experience, the YI Program could be used as a tool to employ human resources with proven potential that are suitable for specific positions despite their non-standard qualifications. Job creation is not the only way to accomplish social responsibility; diversifying recruitment channels, offering more job opportunities to high school graduates and local talent, and verifying them in a fair manner are also ways to realize social responsibility.

Some public institutions are converting all their young interns into regular workers in order to gain positive reviews regarding the management evaluation for public institutions, but such a practice cannot be free from the criticism that they are exploiting youth with low wages. An internship program with subsequent employment should function as a process of mutual exploration and verification of an intern's job capacities, but if the internship program loses its function to select suitable candidates for full-time employment, then it would have no purpose and would not be differentiated from public recruitment. Therefore, the internship system should be monitored under strict regulations. If every intern converts into full-time status, it would mean that the system to recruit new workers and verify their competence would have no credibility and the institutions in question would be exploiting low-income workers. In either case, it would be an indication that the soundness of human resources management was lost.

Second, the YI Program can be utilized as an education and training system with a focus on its original function. For the internship program to serve as a tool to strengthen practical competency, it should be offered by not every public institution but only by those that can offer field experience. The path of fostering practical capacity needs to be also divided into two directions. Job rotation during the internship period would allow interns to experience various duties and potentially enhance employment capacity; however there would be limitations in fostering expertise. On the other hand, concentration on one task during the youth internship period might

possibly enhance expertise, but there would be the risk of discrimination in offering opportunities that nurture practical duties unless the importance of tasks and values are assigned without discrimination concerning the value of each task. This means that in order to improve the effectiveness of the YI Program, ways to utilize this program according to the relevant institution's plan and demand for human resources by public institutions, rather than simply expanding its scale, should be further explored.

In short, to utilize the YI Program for resolving the hiring freeze as a short-term, direct countermeasure is not a proper measure for finding a fundamental solution; rather, it leads to a potentially greater burden and discontent for unemployed jobseekers. The program should be operated from a long-term perspective with the goal to be established as a crucial mechanism for the management of human resources in public institutions and to work as a foundation for strengthening social responsibility.



IV

Expansion of High School Graduate Employment

1 Overview of High School Graduate Employment Program

Public institutions have served as catalysts for tackling youth unemployment, a major issue in today's society, as well as rectifying the distorted employment culture. It can be said that the institutional changes in the 2000s led by the Korean government for the abolition of any discrimination based on educational background began in 2004 with the National Human Rights Commission's issuance of the recommendation not to set minimum academic requirements. Reflecting this recommendation, the former Ministry of Planning and Budget revised its guidelines for public personnel management in 2007 to prevent discrimination based on age or educational background in the job recruitment processes. From 2011, this was further discussed as part of "ecosystemic development," and the target group of the policy was specified as high school graduates. The revision of the guidelines for public personnel management in 2007 and the "open employment" policy of 2011 are congruent with each other in that they are both aimed at overcoming discrimination based on educational background; however, they have developed differently. Following the 2007 measure, public institutions adopted the resolution of eliminating academic standards in their recruitment processes. Yet, the result of its implementation was the opposite of the original intent: it became more

difficult for high school graduates to secure full-time employment.

Under the circumstances where the scale of recruitment was reduced due to the tightened job market following the 1998 economic crisis, the abolition of minimum academic requirements led to an increased number of college and graduate school graduates applying for open recruitments that required only college or even high school diplomas. As a result, the employment market was distorted into a structure where high school graduates and those with higher levels of education were competing. In other words, the measure of eliminating education-based discrimination amid deepening academic inflation in society crowded high school graduates out of job opportunities and thus aggravated the unemployment problem all the more. Although the measure itself was intended to redress educational discrimination from a policy perspective, it failed to sufficiently consider the changes in economic conditions and the labor market, thereby making it more difficult to employ high school graduates. While the revised guidelines of 2007 for public personnel management took the approach of removing educational standards in recruitment processes, the 2011 open employment policy approached the problem with the method of securing a certain volume of employment based on educational background. This approach has the merit of providing more job opportunities for high school graduates than before as it has recently expanded the proportion of high school graduates on a steady basis. However, it should be taken into consideration that different public institutions may need different kinds of human resources. Special attention should be also given to the fact that other forms of discrimination or reverse discrimination problems may occur depending on the number of employees allotted for any given public institution (Park Hanjun, 2012).

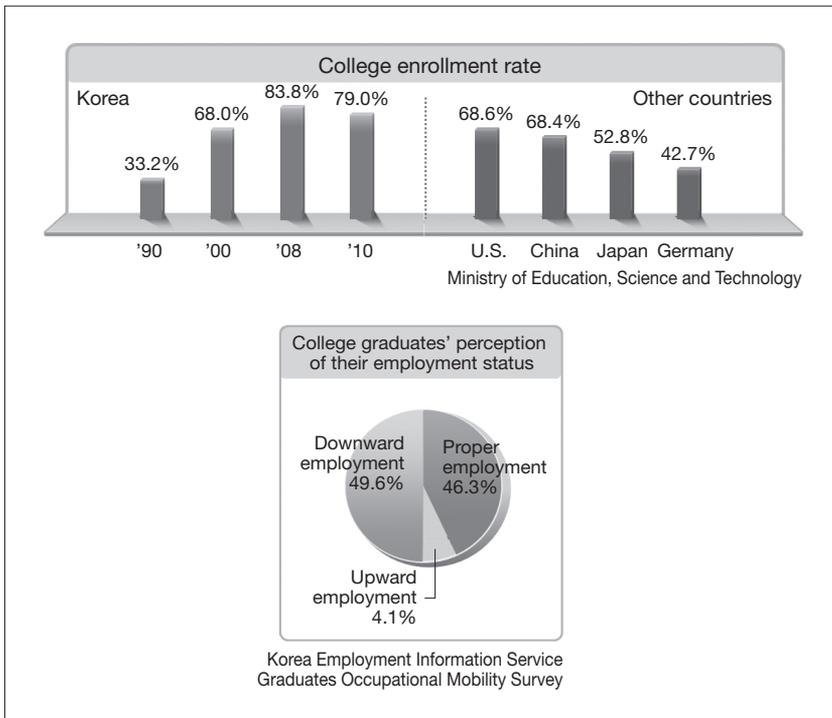
Current Status of High School Graduates Employment

A. Changes in Employment Conditions for High School Graduates

It seems that academic inflation and the mismatch between demand and supply of labor are the primary factors behind the government's

promotion of the employment of high school graduates. Due to the prevalence of credentialism in society, the college matriculation rate has rapidly increased to a very high level in comparison to other countries. Most students in Korea have given priority to college entrance and accordingly, private education expenses have increased. As a result, people with high educational levels are taking jobs that they are overqualified for. In addition, there is expected to be an excess supply of those with two-year college degrees or higher, amounting to approximately 45,000 graduates annually.

[Figure IV-1] Academic Inflation and the Mismatch Between Supply and Demand of Labor



Source: Data prepared jointly by the Ministry of Strategy and Finance and other relevant ministries, September 2, 2011.

The major problems pointed out in the employment of high school graduates are the structural mismatch and limited number of quality jobs. Although employment indicators and the career orientation of vocational high school graduates have been showing positive improvement, many are skeptical about the employment reality for high school graduates. The problems can be summarized as the difficulty for high school graduates to land a job and the difficulty for SMEs to find new employees. With the tightened labor market, the supply and demand of limited quality jobs is centered on people with higher levels of education, thus it is more difficult for high school graduates to gain employment.

B. Employment Status of High School Graduates

In order to examine the employment status of high school graduates and the personnel management of public institutions, a survey was conducted of all public institutions except those involved in research or promotion activities, of which 125 institutions replied.²³⁾ Of the respondents, the Korea Coal Corporation was found to have the highest proportion of high school graduates in its total personnel (79.2%), followed by the Incheon Port Security Corporation (65.6%), the Busan Port Security Corporation (57.2%), and KEPCO Plant Service & Engineering (53.8%). When the proportion was compared according to the type of institution, market-based SOEs were recorded at 20 percent; quasi-market-based SOEs at 19 percent; fund-management-based quasi-governmental institutions at 10 percent; and commissioned-service-based public institutions at nine percent.

23) Park Hanjun, September 2012. See "Measures to Reform Pay System for Promoting the Employment of High School Graduates," Research Center for SOEs, Korea Institute of Public Finance.

<Table IV-1> Average Proportion of Employees with a High School Diploma at Different Public Institutions

(Unit: %)

Type	SOEs (market-based)	SOEs (quasi-market-based)	Quasi-governmental Institutions (fund-management-based)	Quasi-governmental Institutions (commissioned-service-based)	Non-classified Public Institutions
Average	20	19	10	9	14
Institution with the Highest Proportion	Korea Electric Power Corporation (45.0)	Korea Coal Corporation (79.2)	Private School Teachers' Pension Corporation (26.7)	Korea Electrical Safety Corporation (24.2)	Incheon Port Security Corporation (65.6)

In terms of job characteristics, institutions with a high demand for engineering staff, such as those in the fields of electricity, energy, and railroads, showed a relatively high proportion of workers with a high school diploma, but there were variations among the different institutions. According to the 2011 data on the portion of high school graduates included in the newly employed, market-based SOEs and quasi-market-based SOEs hired a relatively small number of high school graduates, recording 10 percent and nine percent, respectively. After the South Korean government aggressively promoted the employment of high school graduates, however, the average proportion of the newly employed holding a high school diploma²⁴⁾ increased as of 2012. According to type of public institution, the proportion in SOEs increased to 15 percent while that of fund-management-based public institutions and commissioned-service-based quasi-governmental institutions increased to 16 percent and 15 percent, respectively.

According to a comparison by type of institution, of the respondents to the survey, those public institutions classified as market-based SOEs showed the highest average proportion of workers with a high school

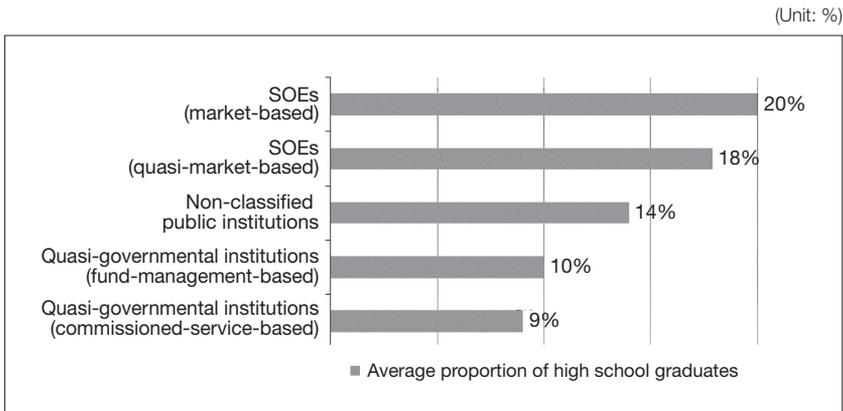
24) These figures were estimated taking into account both the actual and planned data of 2012; the recruitment process for all institutions has yet to be completed.

diploma (20%), followed by quasi-market-based SOEs (19%), non-classified public institutions (14%), fund-management-based quasi-governmental institutions (10%), and commissioned-service-based quasi-governmental institutions (9%).

Among the market-based SOEs, the Korea Electric Power Corporation showed the highest proportion of workers with a high school education (45%), while of the quasi-market-based SOEs, the Korea Coal Corporation was found to be the largest employer of high school graduates (79.2%). The institution with the highest proportion of high school graduate workers among fund-management-based quasi-governmental institutions was the Private School Teachers' Pension Corporation, which was estimated at 26.7 percent, and its corresponding institution among commissioned-service-based quasi-governmental institutions was the Korea Electrical Safety Corporation whose high school graduate workers accounted for 24.2 percent of the total staff. Of non-classified public institutions, the Incheon Port Security Corporation had the largest proportion of workers with a high school degree, at the rate of 65.6 percent (Park Hanjun, September 2012).

SOEs that hired an average of 10 percent of their workforce from among high school graduates in 2011 have been raising the proportion in their new recruits to 23 percent in 2012. The Private School Teachers' Pension Corporation and the Busan Port Security Corporation have been filling 33.3 percent and 100 percent of their new jobs with high school graduates, respectively. These findings show that the recruitment of high school graduates is on an increase in public institutions as a whole rather than in institutions of a specific type.

[Figure IV-2] Proportional Averages of High School Graduates Employed in Different Types of Public Institutions (As of 2011)



As for the workforce composition of public institutions, workers with a college degree or higher account for the largest portion, followed by those with a high school degree and those with a two-year college degree. In particular, employees at SOEs that have a large workforce can be roughly divided into college and high school graduates. In cases of relatively small-sized public institutions, such as quasi-governmental institutions, 85-90 percent of their workforce are college graduates.

In order to redress the previously distorted composition of South Korea's workforce, the Lee Myung-bak government has recommended public institutions to hire more high school graduates. As of the end of June 2012, of the 8,087 newly employed workers, 577 were high school graduates, accounting for 7.1 percent of the total employment. The Korean government has said that the portion of high school graduate employment is expected to increase given that, apart from regular full-time employment, 748 out of 1,500 interns with a high school diploma are eligible for conversion to full-time positions in the second half of 2012 (Ministry of Strategy and Finance, 2012). As is predicted by the Korean government, however, with the current proportion of high school graduates among new hires standing at three to seven percent, it seems to be taking longer than expected to correct the distorted composition of the workforce, which is mainly composed of workers with a college degree or higher.

The statistics of the past five years presented by the public information portal ALIO, or All Public Information in One, show that the proportion of high school graduates hired by public institutions has increased since 2010 when the government emphasized the employment of high school graduates. Even when considering the production workers with a high school degree previously employed by SOEs, the number of high school graduates among the present personnel increased from 23,469 in 2010 to 26,532 in 2011, and their proportion also rose from 9.73 percent to 10.78 percent. Such an increase is more evident in quasi-governmental institutions (from 11.71% in 2010 to 13.14% in 2011) and non-classified public institutions (from 10.74% in 2010 to 12.06% in 2011) compared to SOEs.

<Table IV-2> Proportion of High School Graduates Working at Public Institutions (ALIO)

Classification	2007			2008			2009		
	Total Personnel	High School Graduates	Rate	Total Personnel	High School Graduates	Rate	Total Personnel	High School Graduates	Rate
SOEs	101,669	7,935	7.80%	100,363	7,950	7.92%	98,566	7,461	7.57%
Quasi-governmental Institutions	68,095	8,658	12.71%	69,293	8,664	12.50%	69,173	8,163	11.80%
Non-classified Public Institutions	67,303	8,667	12.88%	70,513	8,672	12.30%	72,270	8,172	11.31%
Total	237,067	25,260	10.66%	240,169	25,286	10.53%	240,009	23,796	9.91%

Classification	2010			2011		
	Total Personnel	High School Graduates	Rate	Total Personnel	High School Graduates	Rate
SOEs	97,130	7,331	7.55%	96,806	7,744	8.00%
Quasi-governmental Institutions	68,860	8,065	11.71%	71,449	9,390	13.14%
Non-classified Public Institutions	75,151	8,073	10.74%	77,896	9,398	12.06%
Total	241,141	23,469	9.73%	246,151	26,532	10.78%

C. Key Issues Regarding the Employment of High School Graduates

As the distinction between workers with a high school degree and those with a college degree has disappeared since the abolition of academic standards for employment, now most public institutions do not have basic guidelines for the management and treatment of high school graduates joining their institution through open recruitments. In the process of expanding open employment, there are increasing scenarios where public institutions subdivide job positions, while some institutions seem to take the approach of increasing the proportion of employees with a high school degree by hiring people regardless of educational background. If the proportion of workers with a high school diploma gradually increases as planned, there will be potential issues regarding fair treatment between college and high school graduates. Therefore, some guidelines are necessary to ensure consistency in personnel management among institutions.

One of the issues that need to be discussed along with the employment of high school graduates is that outsourcing has been implemented as a way of improving management efficiency. Part of the operational functions of an institution, mostly simple tasks, have been outsourced for effective management, and most institutions have outsourced the jobs that were previously handled by high school graduates. This is why some argue that there are not enough available tasks for workers with a high school degree to require the expansion of their employment. It might be difficult for an institution to choose between achieving efficient management through outsourcing when outsourcing is appropriate, and focusing on promoting their social responsibilities by employing more high school graduates (Park Hanjun, 2012).

Sub-conclusion

A. Significance and Limitations of High School Graduate Employment

The employment of high school graduates is meaningful in that it is intended to combat academic inflation and select talented people based

on their skills rather than their educational background. The successful employment of high school graduates requires a combination of three factors: passionate students, school and South Korean government support of career planning and vocational training, and companies and institutions that utilize a workforce focusing on their capabilities. Large corporations are expanding the recruitment of high school graduates because of the advantages of reducing personnel expenses, filling the operational vacuum created by regular retirements by securing necessary workforce beforehand, and making the transfer of technical skills easier. Until recently, the college enrollment rate among high school graduates was at 83 percent, and there is lack of skilled workers with a high school diploma. Given that the Korean economy is heavily reliant upon exports, it is likely that an atmosphere will be created where technical experts are given job hiring preference.

The current administration appears to have generally followed the former Roh Moo-hyun administration regarding the measures and policies for preventing discrimination against, and expanding the employment of women, the disabled, non-regular workers, regional talent, science and engineering graduates, and other minority groups. The current administration has only changed the previous policy to expand high school graduate employment, which was initiated to create jobs and solve the problem of the excessive college enrollment rate, to the policy of socially fair recruitment, which has been proactively implemented by public institutions. However, as the functional boundary between general and vocational high schools is becoming indistinguishable, the foundation for vocational education has been weakened (Park Hanjun, 2012). Under such circumstances where there are limits to the changes in the general and vocational education, differences in educational levels—the socio-culturally widespread distorted credentialism that includes the practice of giving preference to graduates of prestigious colleges—and differences in the level of wage and welfare benefits among large companies, public institutions, and SMEs, an aggressive measure like the employment quota scheme for high school graduates has inevitable limits in its effectiveness. As for individual public institutions, the task of developing jobs suitable for workers with a high school diploma remains to be addressed because many institutions have outsourced or contracted out part of their functional

and technical jobs, which used to be usually given to high school graduate workers, after the former Kim Dae-jung government announced its SOE reform plan.

A problem that has also been pointed out is that the Korean government has failed to reflect in its policy implementation the ratio of graduates of different degrees (high school degree to college degree), the distinctiveness of different types of work (administrative, technical, and specialized), and the unique qualities of each SOE and quasi-governmental institution. A uniform approach taken to achieve employment indicator goals (e.g. a 20% employment goal) without considering the main projects and characteristics of each institution may result in a policy failure and have unintended side effects—that is, an inefficient waste of resources both for the institution and the employed.

B. Tasks

When it comes to the efficacy and efficiency of the government's aggressive measures, administrative agencies and public institutions, which are based on serving the public, should take a different approach from profit-oriented private businesses. Certainly, the public sector assumes greater responsibility in terms of implementation. However, if public institutions implement such a responsibility in a way that increases organizational inefficiency, their accountability in other areas will be diminished. Therefore, the South Korean government should offer guidelines taking into account the scale of public institutions and the characteristics of their work.

The quality of jobs for high school graduates needs to be improved in the years to come. As students graduating from specialized high schools, who account for more than 80 percent of all high school graduate workers, are stuck in production work at SMEs, there is a need for developing jobs suitable for high school graduates. It is necessary to develop new jobs that can be performed by high school graduates in the areas of research and development, software development, and engineering, areas that used to be considered appropriate only for college graduates. Tailored corporate talent training programs that enable the immediate utilization of high

school graduates in specific fields need to be implemented as well. There is, however, a short-term obstacle regarding the employment of high school graduates: the issue of mandatory military service. The employment of high school graduates should not end up as a government-led short-term policy, propagating then disappearing like a trend; instead, the Korean government must ensure that the quality of labor is guaranteed by linking policy with the issues concerning wages, job placement, and vocational training. The government needs to analyze and identify promising occupations and industries where high school graduates have relative competitiveness, such as skilled labor jobs in core industries where a labor supply shortage is expected to emerge in the near future, and provide accurate information for students and their parents. In addition, cross-ministerial employment support should be strengthened so that high school graduates can also be hired in the areas where workers with a high school level of education are hardly found, such as construction, culture, and design.

In order to further promote open employment personnel management beyond the employment of high school graduates, a competency-based personnel management system needs to be established. Rather than simply increasing the number of employed high school graduates, the Korean government must remove discriminatory educational factors regarding personnel management, promotions, and wages after employment, in addition to creating social awareness that personnel systems are implemented based on individual capability and performance, not academic background. It is considered necessary that public institutions take the initiative in eliminating the wage gap and glass ceiling based on educational background as well as providing high school graduate workers with opportunities to transfer to administrative positions or receive promotions after a certain period of time. One way for the government to contribute to the development of both individual workers and public institutions is to establish or complement measures regarding post-employment education for high school graduates starting out in their careers so that they can achieve capacity development and self-improvement rather than focusing only on career maintenance.



Introduction and Promotion of FWAs

Overview

With changes in industrial structure, advanced countries have devised various measures for the flexible use of human resources, a good example of which are flexible working arrangements (FWAs). FWAs are primarily aimed at helping employees achieve balance between work and family responsibilities by providing flexibility in work hours and place and thus enhancing efficiency in workforce utilization. In Korea, the proportion of part-time work has been low due to the traditional practice of small numbers of people working long hours. This is why there has been a strong tendency for female workers to leave the labor market to give birth and raise children, and for older workers to retire when they have difficulty working full-time due to health concerns. In order to overcome these problems and manage human resources more efficiently, the South Korean government has recently endeavored to introduce FWAs, and starting from January 2011 recommended SOEs and quasi-governmental institutions to implement them.

The government's recommendation to adopt FWAs has led to a gradual increase in the number of participating institutions and workers. For 10 months starting from January to October 2011, approximately 15,000 employees, amounting to 8.3 percent of the entire workforce of

SOEs and quasi-governmental institutions, made use of FWAs, up 45 percent compared to 2010 (Ministry of Strategy and Finance, 2011). According to a recent report by the Segye Daily (2012), in the capital of Seoul, the participation ratio versus total number of government employees is still low at less than two percent, but the number of employees participating in FWAs has increased more than three times from 52 to 183 participants over the last two years. Furthermore, given that in a survey conducted with employees of SOEs and quasi-governmental institutions, 74 percent of those having had experience with FWAs said they were satisfied, and over 90 percent of the respondents said they would use them again, it is expected that FWAs will continue to be utilized in the future (Ministry of Strategy and Finance, 2011).

The need for research on FWAs is accentuated by the fact that their utilization will continue to increase. Flexible working arrangements allow flexible responses to today's ever-changing administrative environment and help employees balance work and family commitments by preventing skilled labor from leaving and by making flexible use of labor that wants part-time work. This naturally boosts the need for research efforts to ensure the successful establishment of FWAs. Meanwhile, the need for such studies can be also considered in connection with limitations that may exist in the further implementation of FWAs. Yang In-sook and Mun Mi-gyeong (2011) presented three limitations in applying FWAs to businesses. First, there are differences between the FWAs needed by companies and those demanded by workers. The two parties may have conflicts of interest because companies are interested in making working hours flexible for more flexible personnel management while their employees are more concerned with having more options to balance work and life. Second, the culture of working long hours and the competitive work environment caused by performance-based management systems, both of which are prevalent in Korea, make it difficult for workers to choose to use FWAs, and thus they might be only used by peripheral workers, rather than by core employees. Finally, there are concerns that the adoption of FWAs could lead to an increase in non-regular workers and a decline in the quality of jobs for women (Yang In-sook and Mun Mi-gyeong, 2011). These limitations can also occur in public institutions as well as the governmental sector, and

hence there is a need for studying how FWAs are actually implemented in the workplace. To be sure, it is necessary to investigate what obstacles exist in the utilization of FWAs and to monitor whether or not there is indeed a clear difference of opinion between the workers using these arrangements and their managers.

Based on the above-mentioned observations, this study will examine how FWAs are perceived in the public institutions implementing them; what differences in views exist between the workers who actually use FWAs and their management; and what obstacles are currently hindering FWAs from being successfully established. Furthermore, the effect of FWAs on employee performance will be analyzed to discuss directions for future improvement.

Significance and Types of FWAs

A. Definition of FWAs

Flexible Working Arrangements (FWAs) refer to a policy or system of work scheduling that provides employees with the spatial and temporal flexibility of working. It is also known as an “alternative working arrangement” as it is an alternative method compared to the existing practice of going to work from nine to five every day (Lee Kyung-mook et al., 2010: 12). Similarly, Hong Seung-ah (2010: 31) defined FWAs as a scheme to enhance labor flexibility by alleviating temporal and spatial regularity. Meanwhile, the Korean government’s definition is focused on the purpose of FWAs by defining them as systems designed to enable employees and employers to rearrange the time and place of work in order to help achieve a work and life balance as well as enhance efficiency in workforce utilization (Prepared jointly by relevant ministries, 2010).

Aside from these general definitions, some definitions of terms related to FWAs are also found in relevant legal provisions. The Act on the Promotion of Creation of Family-friendly Social Environment stipulates that the flexible working hours system includes staggered hours, work-from-home, and part-time work. The Labor Standards Act defines a part-

time worker as a worker whose contractual working hours per week are shorter than those of full-time workers engaged in the same type of work in the same workplace. The Act prescribes in the provision titled “Flexible Work Hours System” that working hours can be flexibly adjusted to enable working extended hours, and according to the provision titled “Selective Work Hours System,” workers are allowed to determine their own start and ending time of work. The Equal Employment Opportunity and Work-Family Balance Assistance Act states in the provision titled “Reduction of Working Hours for Period of Childcare” that workers raising children under six years old are eligible to apply for a reduction of work hours to 15-30 hours per week within a one-year period.

B. Types

Workplace Flexibility 2010 from the Georgetown University Law Center classified FWAs into three categories: arrangements regarding flexibility in the scheduling of hours worked; arrangements regarding flexibility in the amount of hours worked; and arrangements regarding flexibility in the place of work (Bae Kwi-hee and Yang Geon-mo, 2011: 27; Yoo Gye-sook, Han Ji-sook and Oh Ah-rim, 2009: 116). Flexibility in the scheduling of hours worked means flexibly adjusting work schedules, such as compressed workweeks and shift arrangements; flexibility in the amount of hours worked means flexibly adjusting working hours, such as part-time work and job shares; and flexibility in the place of work means flexibly adjusting working place, such as working at home (Bae Kwi-hee and Yang Geon-mo, 2011: 127). More details are given in <Table V-1> below.

<Table V-1> Types and Characteristics of FWAs

Type of FWA		Characteristics of FWA	
Arrangements Regarding Flexibility in the Scheduling of Hours Worked	Alternative work schedules	Flextime	Schedules based on worker needs within set parameters approved by a supervisor. (e.g., A worker must work 40 hours per week and be present on a daily basis during core hours—for example, from 10:00 am to 3:00 pm—and may adjust arrival and departure times as s/he wishes.)
		Compressed Workweeks	Workers work full-time hours in less than the traditional 5-day workweek by increasing daily hours worked. (e.g., A worker works 10-hour days, 4 days per week instead of 8-hour days, 5 days per week.)
	Arrangements regarding shift and breaks	Shift Arrangements	Workers who are assigned shifts by their employers enter into arrangements with their employers giving them more flexibility regarding the shifts they are assigned. (e.g., A husband and wife working for the same employer enter into an arrangement to ensure their shifts are staggered so that they will have child care coverage for their 3 children. A worker who cares for elderly parents during the evenings enters into an arrangement with the employer ensuring that s/he will not have to work the evening or overnight shift.)
		Breaks Arrangements	Workers who generally can only take assigned breaks enter into an arrangement with their employers giving them more flexibility over when they take breaks. (e.g., A worker with diabetes is allowed to set his/her own break schedule in order to ensure an opportunity to eat snacks and meals every three hours).
Arrangements Regarding Flexibility in the Amount of Hours Worked	Part time work/ Reduced hours schedule	Working less than 35 hours per week is allowed. (e.g., A worker works a three-day per week Monday/Wednesday/Friday schedule on a regular basis. A worker works 20 hours per week and determines his/her own schedule on a weekly basis. A worker goes from working full time to 30 hours per week as s/he phases into retirement.)	

<Table V-1> Continue

Type of FWA		Characteristics of FWA
Arrangements Regarding Flexibility in the Amount of Hours Worked	Transition period part time	Workers gradually return to work after a major life event (e.g., birth or adoption of a child) by working part time for a set period and eventually returning to full-time work. (e.g., Following maternity leave, a worker returns to work three days a week for six months, four days a week for the next six months, and then to full-time work thereafter.)
	Job shares	Two or more workers share the duties of one full-time job, with each person working on a part-time basis. (e.g., Two workers split the work of a single position 60%/40%, share the salary accordingly, and are in the office 2 days per week at the same time.)
	Part-year work	Workers work only a certain number of months per year. (e.g., A semi-retired accountant works for an accounting firm during its busy season from January through May, and takes the remainder of the year off. A teacher works a nine-month year. An otherwise full-time professional does not work for 8 weeks in the summer.)
Arrangements Regarding Flexibility in the Place of Work	Telework/Home work	Workers work remotely from their own homes, using a telecommunications connection to the workplace if necessary. (e.g., A worker teleworks from home on Monday/Friday, and works at the office on Tuesday/Wednesday/Thursday.)
	Telework/Satellite Location	Workers work remotely from a designated satellite work center. (e.g., A worker works from a nearby telework center Monday through Friday to avoid a long commute to work.)
	Alternating location	Workers work part-year in one location and part-year in a second location. (e.g., A “snowbird” couple works at Wal-mart in New York from April to September, and then moves south for the colder months, working at a Florida Wal-mart from October to March.)

Source: Workplace Flexibility 2010, as cited in You Gye-sook, Han Ji-sook and Oh Ah-rim, 2009: 117.

In South Korea, the government decided on a policy to expand FWAs at the 2nd National Employment Strategy Meeting presided by President Lee Myung-bak on February 18, 2010. The plan mainly focused on the public sector developing a leading model which would be expanded to the private sector in order to increase FWAs centered on part-time work (prepared jointly by relevant ministries, 2010). The Korean government also classified FWAs for governmental employees into three types. An arrangement regarding flexibility in work schedules is called “flexible working hours system,” under which employees work 40 hours a week, but starting and finishing times and the number of hours per day and the days per week can be adjusted freely. This system includes four types of work: staggered hours, flextime, compressed work, and discretionary work. Also known as “part-time work,” an arrangement regarding flexibility in the amount of work refers to a system under which employees work less than 40 hours a week. Lastly, the type of arrangement related to flexibility in the place of work is “telework.” This system, which allows employees to work at places other than their regular workplace by using an information and communications network, includes work-from-home and smart work (Ministry of Public Administration and Security, 2011).

3 Introduction and Utilization of FWAs at Public Institutions

A. Overview

The Ministry of Strategy and Finance conducted a survey on the current status of 110 public institutions that had adopted and implemented FWAs. The result of the survey showed that the level of use of FWAs was not high and there were considerable differences in utilization depending on the type of arrangement. It was found that flexible working hours and flextime schemes were used relatively often and some employees of certain institutions made use of work-from-home and telework arrangements.

The option of working at home was used at the Korea Expressway Corporation, the Korea Electrical Safety Corporation, the Korea Deposit Insurance Corporation, and the Korea Water Resources Corporation,

while the telework arrangement was used at the Korea Electrical Safety Corporation, the Korea Deposit Insurance Corporation, and the National Information Society Agency.

B. Personnel Managers' Opinions on FWAs

Personnel managers of the respondent institutions said that flexible working hours were most commonly used. Therefore, it can be assumed that the most easily used option among various arrangements related to temporal flexibility was that of flexible work hours that allowed employees to adjust their starting and finishing times while keeping in line with the traditional work frame of eight hours a day, 40 hours a week. However, the fact that compressed work weeks, a method of maintaining the 40 hours work week and reducing the number of workdays to less than five days, showed a very low utilization rate (2.8%) suggests that a suitable environment for introducing flexible work schemes has yet to be established. To be sure, there is a prevalent conservative attitude that complying with a fixed number of work days is more important than the amount of hours worked. This tendency is also consistent with the result that the utilization rate of the flextime option, under which the number of work days is not reduced but work hours can be adjusted, stood at 15.3 percent, more than five times that of compressed work weeks. The arrangements that provide spatial flexibility were found to be less frequently used than those providing temporal flexibility. Work-from-home and telework schemes accounted for 2.8 percent and 8.3 percent, respectively, both of which were at less than 10 percent. Part-time work has been increasingly used as a form of FWA. However, this arrangement is highly insecure in Korea as it is a form of irregular work rather than that of flexible work and therefore it would be somewhat misguided to compare it with other types of flexible work.

As for prevailing corporate attitudes towards FWAs, none of the respondent institutions said the attitudes were very favorable and a mere 6.9 percent responded that they were favorable. The proportion of institutions that gave negative answers amounted to almost 70 percent (69.4%), which strongly indicates that continued efforts are required

to change existing corporate attitudes from a long-term perspective in order to further promote FWAs. Not just corporate attitudes but the institutional foundation was also found to be still far less than sufficient. Of the respondents, 80.56 percent said that the institutional framework for the implementation of FWAs was not yet in place; only 2.8 percent (two personnel managers) thought such institutional environments were sufficiently strong. These results show that both the level of institutional preparation and the receptivity of corporate attitudes are quite low, meaning the base for the promotion of FWAs is still unstable.

<Table V-2> Organizational Attitudes Towards a Work Environment with FWAs and the Level of Institutional Preparation

(Unit: person, %)

Classification		Very Negative	Negative	Neutral	Positive	Very Positive	Total
Corporate Attitude	Frequency	14	36	17	5	0	72
	Ratio	19.4	50.0	23.6	6.9	0	100.0
Level of Institutional Preparation	Frequency	19	39	12	2	0	72
	Ratio	26.4	54.2	16.7	2.8	0	100.0

As for problems arising from the introduction and implementation of FWAs, 21.5 percent of the personnel managers who responded the survey identified the increased work burden on other colleagues and 13.8 percent mentioned a decline in performance. It is worthy to note that 49.2 percent said there were no problems caused by FWAs. The fact that despite a large number of responses showing negative corporate attitudes and low levels of institutional preparation, nearly 50 percent of the personnel managers responded that the introduction of flexible work practices brought about no adverse effects clearly demonstrates the potential usefulness of and the need for FWAs. Initial problems such as an increased work burden on co-workers can be regarded as the cost that inevitably occurs during the initial stage of introduction before FWAs become well established.

Regarding questions about the various types of FWAs planned to be introduced or expanded, the answers were evenly distributed among diverse types. Plans for expanding part-time work and flexible working

hours were most frequently mentioned, while the respondents still showed greater interest in flexible management of work hours than the expansion of FWAs through changes in the place of work (e.g. work-from-home and telework). This appears to be because, as mentioned above, organizations are more receptive to temporal flexibility than spatial flexibility and have a better understanding of flexibility in work hours than of flexibility in work days. Presumably personnel managers prefer a more conservative approach to a full-scale change with respect to the introduction and expansion of FWAs.

Employees' Understanding and Evaluation of FWAs

A. Survey Overview

A survey was carried out with employees of public institutions, governmental agencies, and private companies in order to investigate the utilization status of FWAs and the attitudes of organizational members towards them. The institutions surveyed were selected among those institutions where FWAs had not yet actively been used, but there were a relatively large number of workers utilizing FWAs compared to other institutions. Workers at two private companies and employees at governmental agencies were surveyed. Users of the four smart work centers in Seoul were included taking into consideration the recent growing interest in smart work. Of a total of 790 survey packets distributed, 542 were completed and returned (68.6% response rate). The composition of respondents were as follows: the survey respondents included 308 men (57%), 218 women (40%) and 16 with missing values (3%); 10 percent of respondents were in their 20s, 42 percent in their 30s, 31 percent in their 40s, and eight percent were aged 50 or older; and 364 respondents were married and about 159 were unmarried.

B. Current Status and Evaluation of FWAs

1) The Need for FWAs

In order to gauge general attitudes towards FWAs, the survey asked about the need for FWAs and 513 out of the 542 total respondents (95%) gave positive responses. In terms of preferred type of FWA, the most frequently mentioned among first preferences was flexible working hours, meaning flexibility in starting and finishing hours, at 44 percent. The highest proportion of respondents preferred flexible working hours, hours whose level of flexibility is lower compared to flextime or work-from-home. The preference level for all types except part-time work was similar. In the survey of second preference, respondents showed a similar level of preference for almost all types of FWAs. Part of the reason behind this result may be respondents' uninformed understanding of this new system that they had yet to experience first-hand.

<Table V-3> Preference for Different Types of FWAs

(Unit: person, %)

Type	First Preference		Second Preference	
	No. of persons	Proportion	No. of persons	Proportion
Part-time Work	49	9	33	6
Flexible Working Hours	237	44	81	15
Flextime	60	11	98	18
Compressed Work	61	11	87	16
Work-from-home	65	12	87	16
Telework	41	8	87	16
Missing Value	29	5	69	13
Total	542	100	542	100

As for the effects of introducing FWAs, most respondents seemed to think of them as contributing to balancing work and family life and improving work efficiency. In line with common expectations, the majority of respondents (84%) expressed positive opinions with regard to work-

family balance, and those who had a negative perception were less than five percent. This is a natural result given that traditional studies on FWAs focused on work-family balance. Along with this, respondents who thought FWAs contributed to the improvement of work efficiency accounted for 69 percent. In other words, it was confirmed in this study that regardless of their use of FWAs, the common perception among respondents was that such arrangements were introduced to enhance the welfare of employees but they could also have positive effects on overall organizational performance.

<Table V-4> Perception of the Effects of FWAs

(Unit: person, %)

Effect	Very Negative	Negative	Somewhat Negative	Neutral	Somewhat Positive	Positive	Very Positive	Missing Value	Total
Work-family Balance	2 (0.4)	6 (1.1)	7 (1.3)	9 (1.7)	50 (9.2)	166 (30.6)	286 (52.8)	15 (2.8)	542 (100.0)
Work Efficiency Improvement	4 (0.7)	6 (1.1)	14 (2.6)	39 (7.2)	88 (16.2)	170 (31.4)	205 (37.8)	16 (3.0)	542 (100.0)

The respondents' generally positive views on FWAs indirectly indicate that there is quite a strong social consensus about the need for FWAs. The level of satisfaction among those with experience using FWAs (72%) was also almost consistent with the proportion of positive responses. The type of FWA most commonly experienced by the respondents was flexible working hours (staggered hours) with 227 respondents having had experience, followed by telework (138 respondents), and work-from-home (64 respondents).²⁵⁾

25) When an individual respondent had experience with more than one type of FWA, each experience was included in the final numbers.

<Table V-5> Degree of Satisfaction Among Respondents Having FWAs Experience

(Unit: person, %)

Effect	Very Unsatisfactory	Unsatisfactory	Somewhat Unsatisfactory	Neutral	Somewhat Satisfactory	Satisfactory	Very Satisfactory	Missing Value	Total
No. of Persons	2	2	12	16	55	115	151	15	368
Proportion	.1	.1	3	4	15	31	41	4	100.0

2) Environment for the Introduction of FWAs

Flexible Working Arrangements change how an organization as a whole operates and affect not only their users but other co-workers. Therefore, the extent to which FWAs are used may vary depending on the needs of users themselves; but the organizational environment where the users work and their relationship with their colleagues can also change the extent of utilization. To find ways to promote FWAs, one essential component is to evaluate such factors as organizational atmosphere, organizational support, and co-worker's support, which are frequently mentioned as variables affecting organizational effectiveness in research papers on business administration.

The respondents' assessments on the organizational acceptance level for FWAs appear to be positive, but with some reservations. Around half of the respondents (52%) thought their organizational atmosphere regarding FWAs was not negative, with 21 percent responding that their organizational atmosphere was negative.

<Table V-6> Organizational Receptivity Towards FWAs

(Unit: person, %)

Classification	Very Negative	Negative	Somewhat Negative	Neutral	Somewhat Positive	Positive	Very Positive	Missing Value	Total
No. of Persons	30	45	45	53	88	90	101	90	542
Proportion	5	8	8	10	16	17	19	17	100

As shown in <Table V-7>, respondent institutions indicated that management, immediate superiors, and team members were not significant obstacles in using FWAs. A greater number of the respondents said there was active support for FWA users, but the level of support somewhat varied depending on an employee’s position within the organizational hierarchy. Respondents reported more positive views about the concern and support from co-workers compared to those from management.

<Table V-7> Level of Support for the Use of FWAs

(Unit: person, %)

Condition	Very Negative	Negative	Somewhat Negative	Neutral	Somewhat Positive	Positive	Very Positive	Missing Value	Total
Concern from Management	23	33	47	102 (19)	116	128	70	23 (4)	542
	(4)	(6)	(9)		(21)	(24)	(13)		
	19%				58%				
Concern from Immediate Superior	14	19	40	90 (17)	118	124	111	26 (5)	542
	(3)	(3)	(7)		(22)	(23)	(20)		
	13%				65%				
Concern from Other Team Members	5	8	31	101 (19)	120	157	94	26 (5)	542
	(1)	(1)	(6)		(22)	(29)	(17)		
	8%				68%				

However, it should be noted that it is somewhat unreasonable to directly compare the support from management, immediate superiors, and co-workers. Concern from management is more of an assessment on the will of management to introduce and promote FWAs rather than meaning concern and support given by management during actual work processes.

On the other hand, concern by team members is used for a psychological evaluation on the characteristics of communication and truly personal relationships, such as spontaneous assistance or conflicts occurring in task-performing processes, rather than for an evaluation on relevant work environments or processes.

Although the survey findings show a high level of concern and support by co-workers, it is the will of management that is the most relevant driving force for the promotion of FWAs. Even if there are resources and a structure, the system will remain perfunctory without leadership that can make it work. This analysis was reconfirmed by the survey and interviews with those institutions. Nearly half of the survey respondents (42%) said that encouragement from management is the most important factor in facilitating FWAs. This is almost twice the proportion of the factor of heightened awareness of work-life balance issues (27%), which is an essential goal of FWAs. These results clearly show that most of the workers who regard FWAs as necessary have the perception that the introduction and promotion of FWAs is not a matter of resources or structure but of leadership.

More specifically, according to the survey results, the number of respondents who chose developing suitable jobs as the most important factor was about half that of respondents who chose heightened awareness of work-life balance, while the number of those choosing establishing smart centers and securing a telework support system was about half of those choosing developing suitable jobs. The results imply that intangible or immaterial resources such as leadership, which can drastically affect a company's entire organizational culture, are considered more important than tangible or concrete resources.

<Table V-8> Key Factors Facilitating FWAs

(Unit: person, %)

Classification	Encouragement from Management	Awareness of Work-life Balance	Development of Suitable Jobs	Establishment of Operational Security	Creation of Physical Environment	Others	Missing Value	Total
No. of Persons	228	147	78	8	44	6	31	542
Proportion	42	27	14	2	8	1	6	100.0

5 Effects of FWAs

A. Variables and Basic Statistics

For this study a regression analysis was used to identify factors that affect the level of satisfaction with the use of FWAs and future plans for further implementation. If FWAs can be effectively used within an organization, there is a need to find out how to facilitate them. The basic statistics of variables included in the regression analysis are summarized in the <Table V-9> below. First, the satisfaction level with FWAs was found to be very high with an average of 5.98 points out of 10. Most participants reported satisfaction with FWAs. For the question related to future plans of implementing FWAs, a considerable number of respondents answered positively as well, with the mean value of 5.82, indicating positive prospects for expanded FWAs in the future. Meanwhile, more respondents thought that FWAs would be helpful in achieving work-life balance and improving efficiency than they would not. Responses regarding the development of guidelines for FWAs and an encouraging culture were quite positive, but not when compared to other responses. There also appear to be concerns about FWAs, but the level was not particularly high with the mean value 2.85. The proportion of team members using FWAs in the given samples was estimated at 35 percent. This figure, however, should be considered an overestimation since this study collected samples among organizations where FWAs were actively used. In the meantime, respondents in dual-income households accounted for 67 percent and married respondents 70 percent in the survey samples, which indicates that most married

respondents belong to a dual-income family.

<Table V-9> Basic Statistics: A Model to Determine Levels of Satisfaction with FWAs and Future Plans for Implementation

Variable	Mean	Standard Deviation	Minimum Value	Maximum Value
Level of Satisfaction with FWAs	5.98	1.19	1	7
Future Plans to Use FWAs	5.82	1.41	1	7
Work-life balance	6.30	1.01	1	7
Work Efficiency Improvement	5.91	1.21	1	7
Guidelines	4.96	1.54	1	7
Rate of FWA Use Within a Team	0.35	0.34	0	1
Culture that Encourages the Use of FWAs	4.97	1.34	1	7
Concerns About FWAs	2.85	1.36	1	7
Dual-income	0.67	0.47	0	1
Female	0.41	0.49	0	1
Commuting Time	53.47	32.00	1	240
Marital Status	0.70	0.46	0	1

<Table V-10> Correlation Analysis: A Model to Determine Levels of Satisfaction with FWAs and Future Plans for Implementation

Variable	1	2	3	4	5	6	7	8	9	10	11
1. Level of Satisfaction with FWAs											
2. Future Plans to Use FWAs	0.45**										
3. Work-life Balance	0.40**	0.48**									
4. Work Efficiency Improvement	0.38**	0.50**	0.74**								
5. Guidelines	0.39**	0.23**	0.16**	0.16**							
6. Rate of FWA Use Within a Team	-0.01	0.29**	0.01	0.04	0.05						
7. Culture that Encourages the Use of FWAs	0.34**	0.31**	0.09*	0.08	0.49**	0.25**					
8. Concerns About FWAs	0.28**	0.32**	0.24**	0.36**	0.22**	-0.05	0.20**				
9. Dual-income	0.03	0.01	0.00	-0.02	-0.08	0.20**	-0.11*	0.05			
10. Female	-0.02	0.01	0.01	0.01	0.18**	-0.11*	-0.11*	0.08	0.43**		
11. Commuting Time	0.01	0.18**	0.01	0.06	-0.00	0.17**	-0.01	-0.06	-0.07	-0.01	
12. Marital Status	0.12	0.06	0.07	0.03	0.18**	-0.08	0.13**	-0.02	0.20**	0.18**	-0.02

Note: * $p < .05$; ** $p < .01$

Presented above is a <Table V-10> of correlation coefficients produced centering on the variables that were included in the two regression analysis models. This chart shows that the level of satisfaction with FWAs and future plans for implementation are positively correlated. That is, respondents who had a satisfactory experience with FWAs tend to be willing to use them again. As can be expected, a culture that encourages the use of FWAs is positively correlated with the level of satisfaction with FWAs and future plans for implementation, while the existence of concerns

about FWAs has a negative correlation with these variables. Furthermore, well-established guidelines regarding FWAs appear to be positively correlated with respondents' satisfaction with FWAs and future plans for implementation. A noteworthy observation is that demographic factors show little correlation with satisfaction levels and future plans. As for commuting time, the more time respondents spend commuting, the more they are willing to use FWAs in the future. In the following section, the relationship between different variables will be further discussed in detail through a regression analysis.

B. Determinants of Satisfaction Levels and Future Plans

The successful use of FWAs can influence the performance and attitudes of workers in positive ways. Therefore, it should be considered, in the aspect of organizational management, what factors can contribute to the successful use and facilitation of FWAs. For that reason, this study analyzed the factors affecting future plans to implement FWAs as well as those affecting current satisfaction levels with FWAs.

When it comes to the level of satisfaction with FWAs, respondents were found to be more satisfied when they had a strong conviction that FWAs were helpful in balancing work and family responsibilities and when there were specific guidelines for FWAs provided within an organization and an organizational culture that encouraged using them. In contrast, the greater their concerns about FWAs, the less satisfaction was expressed by respondents. More specifically, those who thought that FWAs would cause communication problems and difficulty concentrating on work were less satisfied with such arrangements. These results have various implications for organizational management. Before other considerations, organizations should formulate clear guidelines on an institutional basis. It is also important to create an organizational culture that is favorable towards FWA utilization such as fostering an environment that supports workers using such schemes without feeling constraint. Another task for managers is to actually address potential problems that can be caused by FWAs.

<Table V-11> Levels of Satisfaction with FWAs

	Coefficient	Standard Error	Beta
Work-life Balance	0.375***	0.092	0.297
Work Efficiency Improvement	0.072	0.077	0.072
Guidelines	0.173***	0.044	0.227
Rate of FWA Use Within a Team	-0.133	0.180	-0.040
Culture that Encourages the Use of FWAs	0.115*	0.050	0.130
Concerns About FWAs	-0.145**	0.048	-0.171
Dual-income	-0.020	0.141	-0.008
Female	0.080	0.135	0.035
Commuting Time	0.000	0.002	0.013
Marital Status	0.059	0.278	0.011
Constant	2.034***	0.621	
<hr/>			
N	263		
F-value	13.60		
R ²	0.3506		
Adjusted R ²	0.3248		

Note: * p<.05; ** p<.01; *** p<.001

A regression analysis of future plans for implementing FWAs found that those who had an experience with FWAs were more likely to use them again. Such responses may be expected since the reasons for which respondents had to use flexible work options to begin with still remained. In the meantime, respondents having greater belief in the effectiveness of FWAs showed more willingness to use them in the future. That is, those who believed that FWAs could improve work-life balance and work efficiency wished to make use of such schemes in the years to come. Along with these factors, the rate of FWA use within a team was also identified as significantly positive. This means that workers tend to be more inclined to use FWAs and feel less burdened when a higher proportion of their co-workers are also using FWAs within their organizational team. These results suggest a need for initial diffusion strategies to encourage at least a

minimum number of workers to use FWAs as the first step to induce their extensive proliferation.

<Table V-12> Future Plans to Implement FWAs

	Coefficient	Standard Error	Beta
Previous Experience with Using FWAs	0.362*	0.158	0.106
Work-life Balance	0.241**	0.090	0.164
Work Efficiency Improvement	0.365***	0.077	0.303
Guidelines	0.021	0.045	0.023
Rate of FWA Use Within a Team	0.802***	0.195	0.194
Culture that Encourages the Use of FWAs	0.188***	0.053	0.174
Concerns About FWAs	-0.134**	0.048	-0.133
Dual-income	0.105	0.148	0.036
Female	0.280*	0.142	0.097
Commuting Time	0.004*	0.002	0.101
Marital Status	0.057	0.303	0.008
Constant	0.475	0.631	
N		333	
F-value		21.18	
R ²		0.4206	
Adjusted R ²		0.4008	

Note: * p<.05; ** p<.01; *** p<.001

While a culture encouraging the use of FWAs appeared to facilitate their future use, concerns about FWAs acted as an inhibitor for their utilization. As for demographic factors, female workers and workers who spend more time commuting showed more willingness to use such alternative arrangements. This is a predictable result as women, who usually assume more responsibility for child care, would be naturally more inclined to make use of FWAs. Those who spend a significant amount of time commuting may also have a greater need to use FWAs in order to

adjust their arrival and departure times.

6 Sub-conclusion

A. Problems and Directions for Improvement

The survey found that workers with a more satisfactory experience with FWAs exhibited more positive and enthusiastic attitudes towards organizational effectiveness such as organizational trust, social behavior, and performance. The problem lies, however, in the fact that favorable conditions and systems for FWA utilization have yet to be fully developed. Personnel managers and workers with experience in flexible working conditions saw that the active promotion of FWAs was not simple. That is because the major obstacles to the wide adoption of FWAs are organizational culture and lack of institutions. Organizational culture tends to change over a long period of time through consensus formation among organizational members. What is first required is a change in the reluctance of conservative organizations as a whole to depart from the traditional style of working and experiment with new forms of working practice. Of a variety of FWAs, the flexible working hours scheme (staggered hours), which is less flexible compared to other options, is most commonly used and a higher number of workers wish to utilize it than other forms of FWAs. The reason many workers take a passive attitude towards sudden changes despite their appreciation of the need for flexible working is that the traditional form of full-time work has become a part of social norms. Due to these circumstances, part-time work seems to be regarded as a form of insecure employment rather than a flexible working pattern. In short, improving organizational culture and overcoming the prevalent conservatism is a way of laying the foundation for active implementation of FWAs in the future.

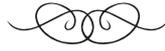
B. Policy Suggestions

As expressed in interviews and surveys with major institutions and corporations, the will of management is the most crucial driving force for the promotion of diverse forms of flexible work arrangements. It is true that well-established institutions, a proper physical environment, a change in social awareness, and a favorable organizational culture may contribute to their promotion, but without the will of management, all the support, working environment, and institutions are highly likely to remain perfunctory and nominal. This is because it is leadership that steers and drives changes in organizational culture. Kotter, who presented a change management model, also emphasizes the roles of leadership and top management. The utilization of FWAs in public institutions has been partly evaluated since 2012 in the leadership index, a qualitative indicator in the management evaluation for public institutions. In order to further promote and establish FWAs, the necessity to come up with measures to evaluate the system more thoroughly needs to be considered. Of course, the evaluators themselves must have a clear and accurate understanding of the concept of flexible working.

Another key issue related to FWAs is time and attendance management. Efforts to tighten supervision of homeworkers and teleworkers on their working attitudes would only incur costs and possibly tarnish the true purpose of FWAs. The Korean National Assembly and the Board of Audit and Inspection have recently raised concerns about the management of work attitudes of FWA users. Considering the fundamental purpose of FWAs, establishing an evaluation system focusing on outcomes may be a more effective solution than managing employee attitudes and behaviors more strictly. That is because the essential principle and objective of FWAs is not to put emphasis on the effectiveness of controls but to recognize a diversity of working patterns overall. Excessive control and management of FWA users could lead to a dilemma of goal displacement, meaning the confusion of means with ends.

As for the process of how best to introduce a flexible working system, adopting FWAs in a gradual manner based on flexibility and regularity is advised. Given the fact that workers have more experience with flexible

working hours compared to other alternative work options, are more receptive to temporal than spatial flexibility, and show higher preference for flexible work that has high regularity, it is suggested to first adopt those patterns that are more readily accepted within an organization. The approach of taking these points into consideration as basic principle and then selecting and promoting other types of flexible working arrangements based on the demands from specific types of institutions (research, finance, industry, etc.) will facilitate the early stages of implementation.



VI

Conclusions

The expansion of the recruitment of high school graduates by public institutions is of great significance in the context of providing quality jobs for the workforce with a high school diploma. However, there are concerns about the difficulty for young high school graduates to adjust to an organization and possible conflicts with existing employees. Now it is time to normalize vocational education in vocational high schools, secure opportunities for job experience in association with public institutions, and develop a human resources management system based on cooperation between industry and schools in order to link education with employment. It is necessary to take the approach that high school graduates are valued human resources and potential professional workers that can contribute to organizational performance rather than be viewed as a vulnerable group in society. It might be unavoidable that high school graduate employees perform simple tasks or assistance work during their early stages of employment, but they must be given a route by which they can further develop their skills and abilities in a supportive work environment.

International examples show a clear trend of shortening work hours and implementing flexible working practices alongside the diversification of employment patterns in labor markets. The rationales behind this trend are: to combat unemployment through various measures including job sharing; to improve corporate competitiveness using flexible

working practices; and to expand the scope of voluntary flexible working arrangements amid the trend of valuing work-life balance among workers including women.²⁶⁾ In Korea, employment and labor institutions and practices of public institutions including SOEs were established based on the traditional family system, but with changes in demographics and social and family structures, there have recently been an increased number of women engaged in economic activities and a growing demand for job opportunities from married women. However, the reality is that only family-friendly policies such as maternity leave and parental leave have been widely adopted (Korea Labor Institute, 2011). In addition, while part-time work arrangements are most frequently utilized, concerns are being voiced that the original purpose of these arrangements has been distorted and this has led to an increased irregular workforce. Some even argue against the introduction of flexible working arrangements. Opponents say that although there is a current demand for the introduction of FWAs in society, these arrangements have failed to serve their original purpose in implementation and instead have aggravated employment and labor conditions. When there is no guaranteed prospect of converting to a regular position or any improvement in discrimination compared to regular employees, the utilization of flexible work will be inevitably limited.

Even if FWAs are already in place, the will of management and a favorable organizational culture are first required in order for workers to utilize them according to the intended purpose and to positively affect their personal performance. Instead of being a system to accommodate the convenience of workers, FWAs should be implemented in a way that they can have a positive effect on personal performance and achievement by providing flexibility in the time and place of work. As previously mentioned, one of the key issues pertaining to FWAs is time and attendance management. Tightening time and attendance management may serve as an obstacle to the promotion of FWAs. Active implementation and use of FWAs can be achieved only on the basis of trust between senior management and hands-on workers, and between immediate supervisors

26) Lee Ho-geun (2011), *The Current Status of Flexible Working Arrangements and Changes in Women's Employment*

and employees. Unless trust within an organization is developed as social capital, the successful establishment of FWAs will remain a remote possibility. On the other hand, if personnel management is strengthened in the direction of evaluation and compensation based on performance rather than on time and attendance records, FWAs will be established as new ways of working that can improve the work efficiency and productivity of organizations as well as employees' work-life balance. In other words, it is believed that when those measures that have been utilized to address problems arising from the tightened job market and standardized working environments are implemented from a balanced perspective emphasizing efficient human resource management as well as social responsibility, their potential for sustainability—that is, being maintained and further expanded—will be strengthened and realized.

The YI Program, open employment policy, and flexible working arrangements were all introduced with an emphasis on social responsibility, but these programs have not settled down enough to fully evaluate their achievements. What is most important in the course of their expansion is to eliminate uncertainties about the continuity of the programs so that trust in policy intentions can be built and the programs can be further facilitated. These diverse measures are understood as ways to manage human resources focusing on social responsibility, but arguably they are, in essence, a reflection of the effort to normalize the systems of employment and human resources management that have been distorted and deteriorated over a long period of time. The youth internship programs, though designed to relieve unemployment and enhance employment capabilities, have the effect of diversifying recruitment channels so that talented people with diverse capabilities can be employed in a job market that is biased towards those with higher qualifications. The open employment policy, including the employment of high school graduates, was originally intended to provide more job opportunities for those willing to work but were left out of the job market, but it may also serve to remove inefficiencies created by decreased morale and job grievances of employees with a higher education engaged in simple tasks. Flexible working arrangements were adopted as a family-friendly human resource management policy to respond to the rapid increase in the number of employed women and decreasing gender

disparities in child care responsibilities, but FWAs also have the potential to improve both personal and organizational performance. Although the implementation of these programs has been largely driven by the government's inspection and encouragement in their initial stages, they will be able to permanently serve as a strategy for the effective long-term utilization of human resources if their inherent potential is realized.

Public institutions are important employers in Korea's major industries. A change in their recruitment policy also has the characteristic as a policy tool to trigger a change in the overall employment culture of society. Public institutions include those engaged in commercial activities and small-scale policy-implementing institutions established for special purposes. It might be true that human resource policies that highlight contributions to society are a more important core value for public institutions, but now private companies are not free from such responsibilities. Behind human resource management emphasizing social responsibility lies a policy intention to solve distorted social problems. Efforts to address the phenomenon of over-education, alleviate unemployment, resolve the mismatch between workers' educational qualifications and work contents, expand the workforce of SMEs, and relieve value-based conflicts between work and family roles should not be achieved in return for productivity and interests of public institutions or private enterprises. Rather than requiring institutions' sacrifice, a desirable approach is to rectify the distorted labor market and inefficient personnel management in order to strengthen institutional capacity.

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