



WORLD BANK GROUP
Social Protection & Jobs

PES REVIEW

Republic of Korea

Country case studies



Republic of Korea

The Ministry of Employment and Labor and the Job Centres
MOEL and the Job Centres



The Ministry of Employment and Labor (MOEL) is the main body responsible for creating and implementing employment policies, and it is also responsible for coordinating PES provision with other actors.



Funded by public sources and insurance contributions.

70% of the labor market programs are funded by the Employment Insurance System, the other 30% by the general budget.



The Job Centres are an integral part of MOEL and the primary contact point for most jobseekers. They act as one-stop-shops and offer both active and passive services.



173

Unemployed per PES staff



A few other governmental agencies also provide employment services and run different centers. However, the Job Centres are the leading organization delivering public employment services.



86 MOEL Job Centers and numerous other centers run by other agencies.

234 local employment agencies, 140 Occupation Centre for Women, 7 centers for veterans, 28 centers for North Korean defectors, 98 Welfare Plus Centers and 258 Self-Support Centers.



The MOEL and its Job Centers

Governance



- ▶ MOEL is responsible for managing employment policies and setting guidelines for the PES. It also coordinates with various government agencies, private and non-governmental organizations, which also provide PES services.
- ▶ The 86 Job Centers are concentrated in major cities and are independent organizations affiliated to the local and branch administration offices under the MOEL. They operate semi-autonomously, with a MOEL-determined budget.
- ▶ The Job Centres are responsible for every kind of PES within the framework of the Employment Insurance System (EIS). This system covers UB, employment stabilization programs, and vocational skills development programs.
- ▶ The main Job Centres sit alongside many other smaller and targeted employment offices under other Ministries' or local governments' responsibility. Municipalities support the MOEL by providing job placement and vocational training services at the local level.
- ▶ The majority of these agencies offer services by outsourcing to private providers and supporting the Job Centres, which remain the core PES organizations as they implement most of the programs. Some of these agencies include the Ministry of Gender Equality and Family, which assists the establishment and operation of the Occupation Centers for Women; and the Ministry of Health and Welfare, which supports the Centers for Self-Support to help low-income individuals (including SA claimants).
- ▶ According to their own mandates, there are also government-affiliated bodies covering different PES functions commissioned by the MOEL. These include the Korea Employment Information Services (KEIS), the Korean Job World, the Korea Polytechnics, and Korea's Human Resources Development Service (HRD).
- ▶ At the ministerial level, the Employment Policy Council coordinates among PES providers and resolves overlapping tasks. At the local level, the Local Employment Councils are active.



The MOEL and its Jobcenters



Management by objectives, overseen by the KEIS Employment Service Evaluation Centre.

- ▶ Job Centres respond to the head of the MOEL regional office and are supervised by it. The director of the Job Center oversees all divisions.
- ▶ The budget is set at the national level by the MOEL. However, local Job Centres are consulted for the program design, outsourcing, and target definition.
- ▶ The Job Centers comprise three divisions: i) planning and coordination, ii) job placement assistance, and iii) business assistance. Large Job Centres can have additional divisions. Training and re-employment services tend to be outsourced.
- ▶ The local governments are evaluated by the Local Job Creation Strategy System, where each local government sets its job creation targets.
- ▶ The country works with an integrated information system that gives access to all involved parties to relevant and up-to-date information about the labor market. This connects all the associated agencies and allows direct recording.
- ▶ The performance of the Job Centres and local labor offices is based on several quantitative performance indicators, which MOEL selects. Most of the measures for the Job Centres are input-output based (e.g., length of unemployment benefit period). Job Centres and local labor offices set the goals for each performance indicator.



The MOEL and its Jobcenters



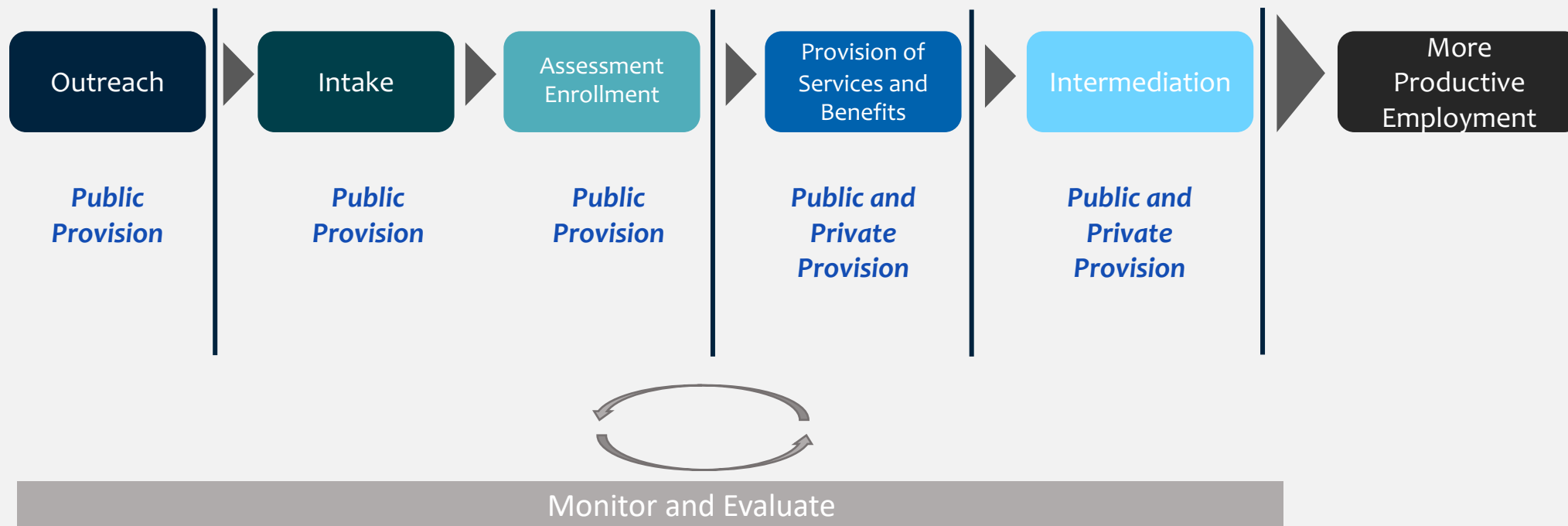
Latest reforms

- ▶ In 2012, MOEL launched the local-based Job Creation Program to ensure that local areas could take a role in implementing job creation policies.
- ▶ In 2013, the 70% Employment Rate Roadmap - achieve 70% employment rate by 2017 - was launched.
- ▶ A new type of center was also introduced in 2013: the Welfare Plus Center. A one-stop-shop where employment and welfare services are provided to claimants, thanks to the cooperation of labor and welfare agencies.



Several services are provided in-house, while others are outsourced to external providers.

Most of the counseling services, case management and certain ALMPs, like subsidies, are provided in-house. However, vocational training and placement services are frequently outsourced to external institutions.





The MOEL collects information and is part of an interconnected employment network.

Outreach

Public Provision



Each Job Centre has a telephone line that anyone can contact for information. All numbers are available by region on the MOEL website.



The MOEL and Statistics Korea collect Labor Market Survey data and labor market information.



Through the integrated information system, all involved parties (including jobseekers and employers) can access up-to-date information about the labor market, e.g., work history and training experience.



The Work Net, part of the Korean Labor Market Information System, was developed by the Korea Employment Information Services (KEIS) under MOEL's instructions. This subsystem fulfills several functions, including job matching, information on skills available in the workforce, and current and future jobs and skills in demand.

- The Work Net is accessible on computers, mobile web, and through an app. It also operates a 24/7 call center.
- The Work Net provides links to other LMIS subsystems, which can support the jobseekers. For example, the HRD-net, which provides information on vocational training.



Other actors are also involved in the provision of information and outreach services.

Outreach

**Public
Provision**



The Korea Employment Information Services (KEIS) is responsible for collecting, analyzing, providing information related to employment, career, and jobs. It is also in charge of the evaluation and support of employment services.



The Korea Job World is an experience center that provides an exhibition and supply of data and information on jobs, the operation of programs for job experiences, and vocational guidance programs for young people.

- This outreach strategy allows for the delivery of information to young people still at school, as most visitors arrive through school field visits.
- The program is the result of a partnership between MOEL, KEIS, HRD Korea, and the Corporation of Employed Persons with Disabilities.
- The location is designed for school pupils of all ages and provides opportunities for students to understand the meaning and value of work, explore the realities of over 100 occupations, and receive professional guidance for planning realistic careers matched to their interests and aptitudes.



Job centers provide services for jobseekers and employers, benefit claimants must register.

Intake

**Public
Provision**

Clients

- Jobseekers
 - ▲ Mandatory registration for jobseekers claiming benefits.
 - ▲ Some services are available for unregistered unemployed, these programs are not funded by EIS but by the general budget.
- Employers
 - ▲ No obligation to register. The PES focuses most of its efforts in tailoring its services for SMEs.
- Job Centers issue employment permits for foreign workers.

Registration of jobseekers

- ▲ Once an employer decides on a termination of employment, a “Confirmation of Separation” is issued. The unemployed worker must then report to the Job Center immediately.
- ▲ The head of the office approves eligibility for unemployment benefits. The jobseekers must also register on the Work Net (job matching system) to be eligible for benefits and participate in ALMPs.
- ▲ After the eligibility is checked, career counselors and clients jointly develop the Individual Action Plan during the first interview. A second meeting takes place two weeks later for the caseworker to decide the client profile and to assess the client’s needs.



The PES uses caseworker-based profiling to segment jobseekers and determine the range of labor services.

Assessment
Enrollment

**Public
Provision**

Caseworker-based profiling based on qualitative methods. It involves the following:

- Approximately two weeks after registration, a second meeting takes place where the caseworker decides the client profile.
- Based on assessing the level of willingness, competency, and job search skills, a caseworker decides on the classification type for the jobseeker.
- Caseworkers determine the level of job motivation based on the data in the job application and the client's attitude during the counseling. Job search skills are also determined based on the data available. The level of competency is developed based on work experience, education, qualification, vocational training, foreign language skill, and computer skills.
- Each participant is then classified into one of four levels, on a scale from A to D.

➡ Profiling is used for diagnostics, targeting, and matching



Customized services are usually offered to registered jobseekers.

Assessment
Enrollment

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Provision**

Each participant is classified into one of four levels through profiling

Participants at level A must go through group counselling, vocational training and on-site interview counselling.

Participants at level B must attend group counselling.

Level C and D participants who already possess basic job skills enter job search training.

- Customized employment services are usually provided to registered jobseekers. This entails intensive counseling to assess the jobseekers' capabilities and establish Individual Action Plans.
- The caseworkers can support their customized service provision to jobseekers with the Employment Information System. Thanks to the interconnectedness of the services, all the relevant information can be available on the Work Net.



The MOEL oversees the benefit program, the Jobcenters manage and pay the UB and the Welfare Services collect the contributions.

Provision of Benefits

Public Provision

→ Unemployment benefits are divided into a job-seeking allowance (JSA), a cash payment to maintain workers' living standards, and the employment promotion allowance, which is designed to encourage reemployment and minimize dependence on JSA.

Unemployment insurance benefits- *Job Seeking Allowance*

- Contributory, not means-tested, and not taxable
- Coverage for all employees -with certain exceptions, e.g., those working in farming and forestry- and volunteer coverage for the self-employed and small business owners
- Available for persons under 65, working less than 60 hours a month, and those in family labor. The person must be registered as a jobseeker at the Job Centre, be capable of and available for work, and be actively seeking work.
- To qualify, the person must have a minimum of 6 months of contribution during the past 18 months.
- The benefit is set at 50% of the insured's average daily earnings during the 3 months preceding unemployment, with a minimum floor of 90% of the minimum wage and maximum cap. The maximum duration depends on the insured period and the age; it varies between 90 and 240 days.
- Extended allowances may be paid under certain circumstances: when the person enters vocational training suggested by the job center (max. 2 years), when the person is facing very difficult challenges in getting reemployed and is in need (max. 60 days), or when the employment situation has deteriorated, i.e., significantly higher unemployment rate (max. 60 days)



The MOEL oversees the benefit program, the Jobcenters manage and pay the UB and the Welfare Services collect the contributions.

Provision
of Benefits

**Public
Provision**

Unemployment Benefits- *Employment Promotion Allowance*

Four types to incentivize reemployment:

- **Early Reemployment Allowance:** the claimant must find a new job before reaching the halfway point of the total benefit period and be reemployed in a job for more than one year. In such case, the claimant receives 50% of the remaining JSA amount - 66% of the remaining JSA amount for those over 55 and the disabled.
- **Vocational Skills Development Allowance:** for a claimant that participates in one of the vocational training courses instructed by the Job Centre. The claimant will receive the support necessary for taking the vocational training, such as transportation and meal costs.
- **Wide-Area JSA:** for claimants engaging in job-seeking activities in areas at least 50km away from their places of residence upon arrangement by the Job Centre. The allowance covers the cost of accommodation and transportation
- **Moving Allowance:** for a claimant changing residency to take up employment or take vocational training under the guidance of the Job Centre. The Centre covers the actual moving costs.



The municipalities are responsible for social assistance benefits.

Provision of Benefits

Public Provision

Social Assistance (*National Basic Livelihood Security System- NBLSS*)

- The Municipal government is responsible for the NBLSS. This income support provides customized aids for the cost of living, medical services, housing, childcare, funeral, self-support, and educational expenses, all based on recipients' needs.
- It is a non-contributory, means-tested, and non-taxable benefit. It is provided regardless of the work capability of a person.
- The benefit amount is calculated as a difference between total net household income and the income criteria, and it is granted for as long as eligibility holds. The benefit is tested against the income of the household and the value of their properties.
- A person who receives Job Seeking Allowance is not eligible for NBLSS.
- Furthermore, those aged 18 to 64 with work capacity must participate in self-support programs as a condition for receiving benefits. These include job training, public works, or other employment opportunities. Examples of such programs are local social activities and home or bicycle repair.
- Many public works programs deliver social benefit services and are administered by community agencies that receive a block grant from the municipalities.



The job centers set conditionalities and monitor unemployment benefit recipients.

Provision
of Benefits

**Public
Provision**

Conditionalities for unemployment insurance beneficiaries

- Claimants are required to report once every four weeks to the Job Centre (this can vary according to the individual's circumstances).
- They must actively look for work and are required to prove job-search activity monthly, including a written list of employers they have contacted. They must report at least 2 job-search actions per month.
- Take part in training courses and accept suitable job offers. ALMP participants are not required to be available for work.

Sanctions for unemployment insurance beneficiaries

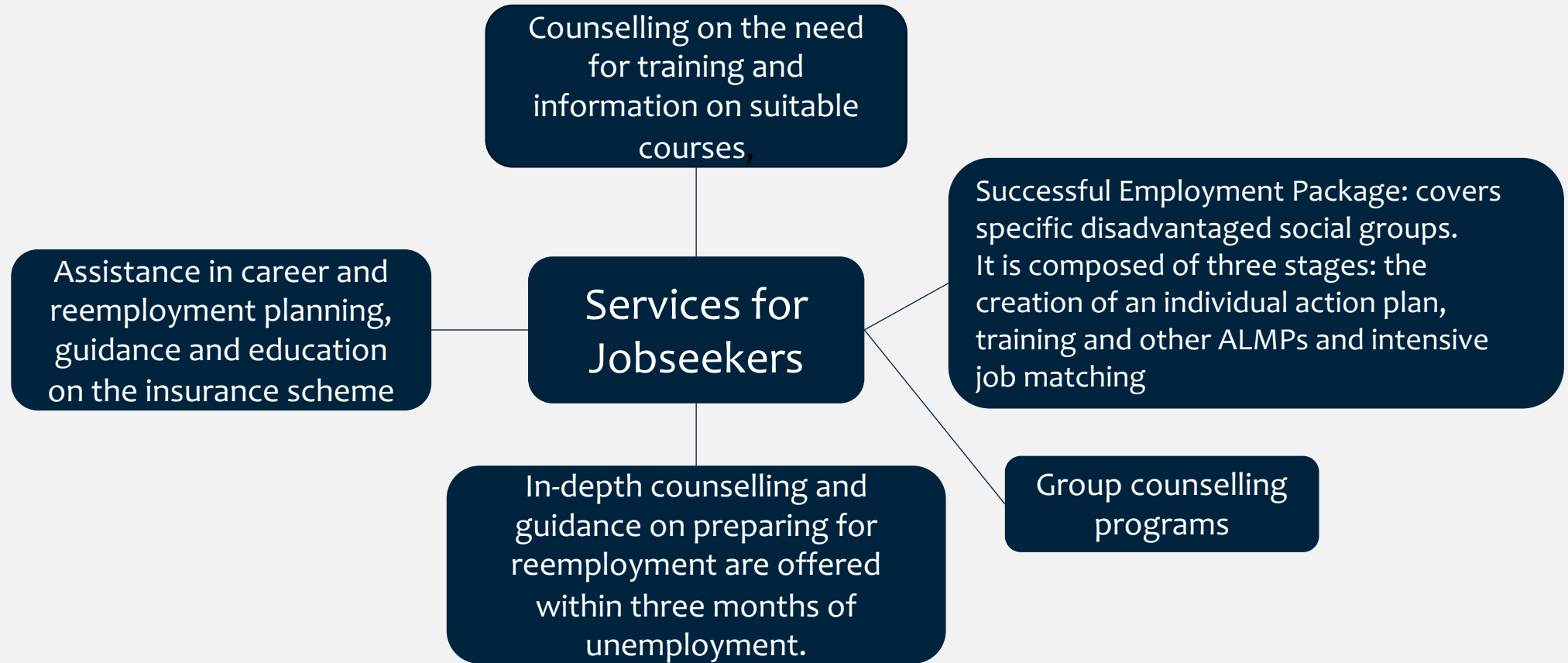
- Benefits are suspended for 2 weeks when the unemployed refuse job offers or vocational guidance from the Job Centre.
- They are suspended for 4 weeks when the person refuses to attend vocational training courses.
- In case of repeated refusal of job offers or ALMP participation, benefits are suspended until the individual takes the guidance, job offer, or advice from the Job Centre.
- Workers who have left their job voluntarily and without good cause are not entitled to unemployment benefits. Likewise, claimants lose their entitlement if they were fired due to misconduct or as a result of a labor dispute.



A wide range of services are offered by the Job Centres. These can be provided in-house or outsourced.

Provision of Services

Public and Private Provision





Other agencies run centers for the provision of employment services for specific target groups

Provision
of Services

**Public and
Private
Provision**

Other centers:

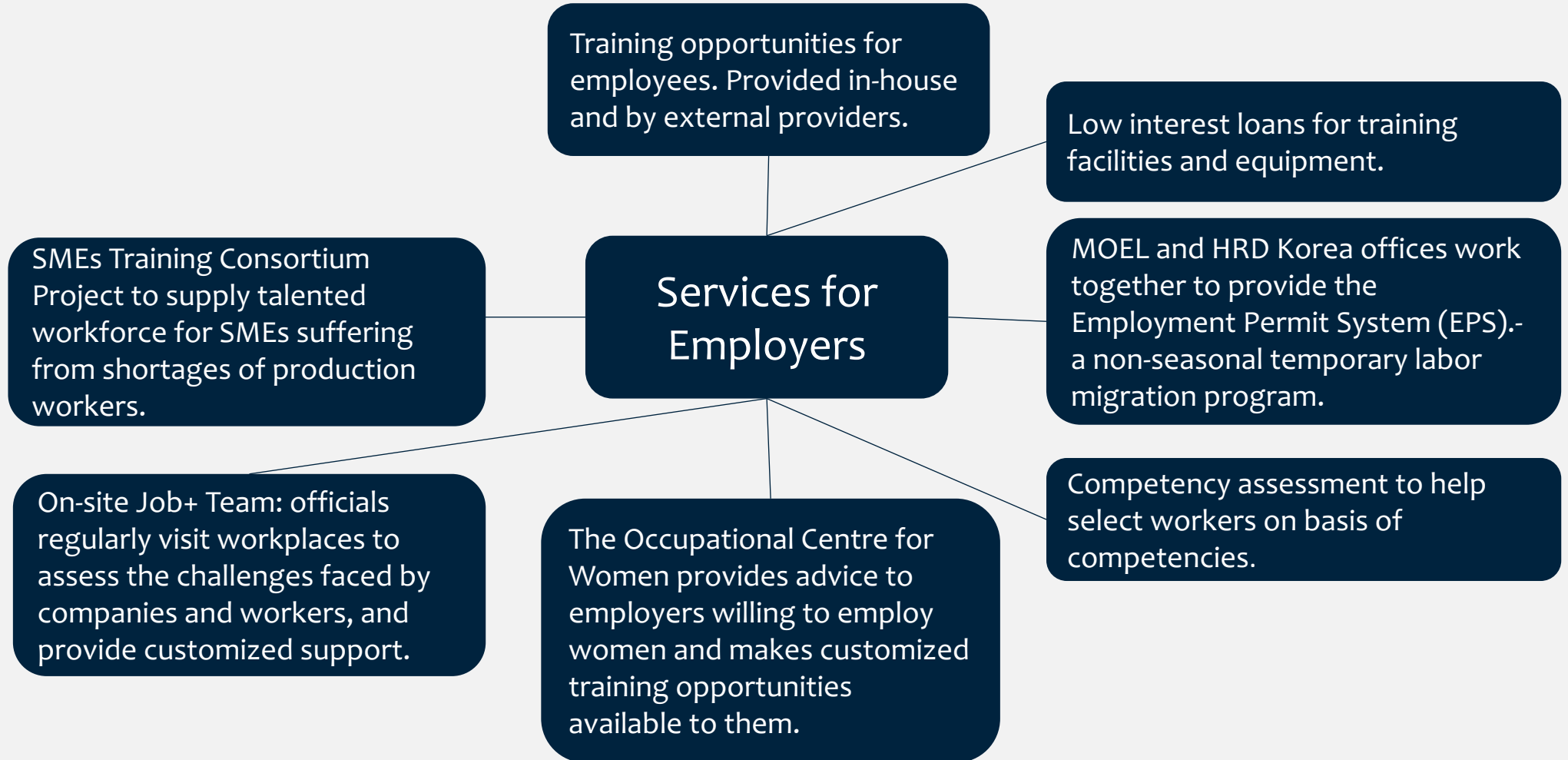
- New Job Centers for Women: special services for women whose career was interrupted due to childbirth or childcare. These centers are established by the Ministry of Gender, Equality, and Family, and the MOEL and service provision is outsourced. They provide services in four stages: individual and group counseling, vocational training, internship (if possible) followed by job-matching services, and support after job placement.
- The Self-Support Centers provide employment services to those with low income, including job opportunities, asset-building programs, and start-up assistance. The Ministry of Health and Welfare runs these centers.
- The Centers for Veterans provide (retired) soldiers with job information, job counseling and job placement, they are managed by the ministries of Defense and Patriots, and Veterans Affairs.
- Centers for North Korean defectors.
- Job Hope Centers: run by non-profit, public interest, and training organizations. They provide employment, guidance, and placement services for older jobseekers over 50 years old.
- The Local Job Program is offered by the Ministry of Public Administration, and provides customized support and job opportunities for disadvantaged groups through social enterprises.



The different PES providers offer several services for employers

Provision of Services

Public and Private Provision





A broad range of ALMPs, with a focus on training, subsidy, and work experience programs

Provision
of Services

**Public and
Private
Provision**

ALMPs

Customized training opportunities. These services are usually provided by external vocational training institutions.

Youth internships programs.

Youth Experience in Small Giants System: a program to provide youth with opportunities to work in small companies with potential and gain practical experience.

Entrepreneurship programs.

Several subsidy programs, e.g., for temporary shutdown, job sharing, creation of part-time jobs, employment extension of the elderly, and employment of a vulnerable person.

Employment Steppingstone Program in cooperation with large companies. The PES recruits participants and connects them with firms. The big firms train the participants, and SMEs hire those who have completed the program.

The Alternative Human Resources Bank recruits and trains substitute employees based on demand in order to match them with organizations in need of workers.

Successful Employment Package (mostly outsourced): during the second stage vocational training, work experience, and other ALMPs are provided.



Several intermediation services are available

Intermediation

**Public and
Private
Provision**



The digital recruitment and matching service Work Net, uses artificial intelligence and the stored information to match jobseekers to employers. This system allows for direct contact between users.



Large scale job fairs and specialized job fairs for youths and elderly.



For Jobseekers

Job placement can be provided by private employment agencies and other external providers

Job search support

List of certified vacancies at the Work Net, the platform collects information from a wide variety of sources. Jobseekers can look for customized openings.



For Employers

Employers can find jobseekers through the Work Net and contact them directly. They can send job offers by SMS or email to qualified applicants.

The Alternative Human Resources Bank: mechanism to help employers fill vacancies created when workers go on leave. Contracted employment services providers run this service.

The program assesses the demand for substitute workers, recruits and trains substitute workers, and carries out job matching.



Outsourcing



Contracted out employment services include group counseling, job market information, career planning, vocational training, and job-matching.



Most contracts target client groups such as the older unemployed, women seeking re-employment, and young first-time jobseekers.



The providers are private agencies, educational institutions, and non-profit corporations. Most contracts are awarded to organizations with specialist expertise and/or close links with employers.



The MOEL designs contracts, but the selection of contractors is undertaken through a committee of stakeholders and relevant experts. The Job Centre is then responsible for arranging the contract and supervising providers.



The Ministry and local government typically issue an open invitation to deliver services with providers submitting bids. The country has been able to create a quasi-market, with competition amongst potential providers.



In some cases, the central government contracts out a single-target beneficiary employment service, and in others, it outsources multiple employment services as a package.



Outsourcing



Providers have limited flexibility in what they deliver and must follow the standards concerning manuals, infrastructure, personnel hiring, and job training. Contracts are awarded for one to three years.



Payment is either a fixed price for the duration of the contract or performance-related. The latter is used for the Alternative Human Resources Bank and the Successful Employment package.



Contract managers may undertake site visits early in the delivery cycle to identify emerging problems and/or targeted providers who may be considered higher risk.



There is rigorous management of provider performance with quantitative and qualitative indicators. The types of indicators and their level of importance vary depending on the service, but they generally follow a common pattern. There is also an annual assessment of all providers on a five-level scale. The organizations that receive the lowest ratings are not allowed to continue service delivery in the following year. The organizations that achieve the highest rank may be awarded 'outstanding' status.



Vocational training can be outsourced through a card system. Jobseekers select the approved training courses and pay directly at the training institution. The trainee must pay between 25%- 45% of the cost unless they are in a disadvantaged group. The provider is paid the fee once the training is completed.



Digitalization of the PES

- The Korean Government has an integrated information system that gives access to all incumbent parties (government, employers, job seekers, researchers, etc.) to relevant and timely information about the labor market. This is called the Employment Network, and it connects the Work Net, the Employment Insurance Network, the Human Resources Development Network, the Employment Permit System, the Employment Welfare Nexus, and the Employment Information System. For example, courses paid with a training card are recorded directly on the Employment Network so that the Job Center immediately knows about the transaction.
- Through the interconnected network, providers can comprehensively deliver employment information that meets the customers' demands, set up labor prediction systems, enhance job research and create job guidance-related manuals.
- The Work Net has a four-step validation process to ensure that all information posted on the platform is reliable. Furthermore, it has a data quality management system that allows for periodic monitoring and data evaluation.
- To avoid overlapping of services, the government formulated a guideline for cooperation among the central and local governments, establishing a Job Gathering System- an online database that records how funds and services are allocated among various departments.
- EIS has three significant data compilation sites to provide statistical information on the labor market: Operational Data Store for raw data replication, the Data Warehouse for analyses by subject, and the Data Mart which provides EIS statistics
- The Baro ONE System is a customized Employment Support Service, which provides integrated counseling records to manage individual cases and complete information about workplaces.



Digitalization

Services for Jobseekers

- ✓ Vocational training information is available through HRD-Net.
- ✓ Foreigner employment counselling service is available at the Employment Permit System (website and app).
- ✓ The Work Net website offers the following services:
 - Career tests, information on occupations and curriculum, and company interview reports.
 - Job search by occupation, company type, and location
 - Open recruitment news alerts for major businesses
 - Users can manage their applications, resume and other assistance services.
 - Work Net App
- ✓ Other Employment Information Networks
 - Wage and Working Hour Information System
 - Successful Employment Package platform
 - Site for SMEs Internship Program
 - Site for Youth Experience in Small Giants System

Services for Employers

- ✓ On the Employment Permit System website, employers can request employment permits for foreign workers (on the website and via smartphone)
- ✓ Through the Work Net, companies can post vacancies, search for potential candidates according to their needs, and contact candidates directly (website or app)

Monitoring jobseekers



- Unemployment benefits have a maximum duration of 8 months. They can be extended but only under very specific circumstances.
- All jobseekers must fulfill the conditionalities included in their Individual Action Plan. The caseworkers monitor them monthly to ensure they do. Action plans are reviewed after 14 weeks.
- Job search activity is strictly controlled; jobseekers must provide detailed information on the employers they contacted.
- If jobseekers fail to meet their conditionalities, there are sanctions in place. The system aims to ensure that jobseekers are incentivized to return to employment as soon as possible and avoid benefit dependency.
- Job Centres follow up on their clients and are required to report the share of re-employed amongst unemployed, as well as the job retention rate after placement.

Monitor and Evaluate



Monitoring the PES



- The performance of the Job Centre is overseen by the KEIS Employment Service Evaluation Centre. This seeks to improve the quality of employment services by continuous assessment, monitoring, quality certification, and skills development for employment staff in both the public and private sectors. It provides performance indexes for employment services according to the agency type.
- The local government job creation target is reviewed every year by the MOEL; afterward, the ministry supports improving policy effectiveness through professional consulting agencies.
- The performance of local labor offices and Job Centres is based on several quantitative indicators, which are primarily input-output measures for the job centers
- Job Centres and local labor offices set the goals for each performance indicator. They are then evaluated to assess the degree to which such goals were met.
- An evaluation committee visits each office to undertake qualitative assessments. Through an online database, the KEIS Evaluation Centre gathers real-time information on the services delivered by the agencies, providing monthly and yearly data.

Monitor and Evaluate



Monitoring the PES



- The EIS has its own database containing information on the performance of the Job Centres relative to their targets, industry mix, and forecasts for the local labor market.
- As part of the National Employment Strategy, there is a monthly review of the progress of each Ministry. Furthermore, the Prime Minister's Office evaluates the job creation measures of all ministries and reports the results at the National Employment Strategy Meeting.
- The New Job Centers for Women are evaluated after their first year of operation through quantitative and qualitative indicators. The total score determines the center's grade on a scale from A to E. A center can lose its contract if it receives an E grade for two consecutive years or a D grade for three consecutive years.

Monitor and Evaluate



Covid-19 responses



- The amount of the employee retention subsidy increased on February 1, 2020. This increase was introduced temporarily for six months, with a possible extension.
- MOEL started a “Special Support Program for Regional Employment Response to COVID-19” to support customized employment security measures for the needs of regional communities.
- Due to the closing of childcare centers, kindergartens, and elementary schools, MOEL engaged in efforts to promote family care leave (up to ten days a year) for workers in urgent need of childcare.
- The “flexible work arrangement subsidy” was designed to cover labor costs for SME employers who introduced commute with the entry time difference, work from home, remote work, or selective work hours policies.
- The 17 regions started providing 100,000 workers on unpaid leave with monthly emergency livelihood aid of KRW 500,000 for up to two months.
- The Emergency Welfare Aid was expanded to include workers on unpaid leave, workers on leave of absence, and the dependent self-employed whose livelihoods have been disrupted by COVID-19.
- The dependent self-employed and freelancers who experienced a reduction in work became eligible to receive a job search promotion subsidy (KRW 500,000, three months).
- During July 2020, Korea announced a New Deal, designed to boost jobs after the economic setbacks caused by the coronavirus. The president promised 1.9 million new jobs in the future.



General observations



Strong employment information system, which connects all agencies involved in PES provision. This system is key to avoid the double serving of users.



Key coordination among PES agencies to meet the need of all clients. This coordination is part of the MOEL's responsibilities.



Besides the Job Centers, several types of additional centers are in place to reach and serve specific target groups like women and low-income individuals.



Innovative outreach strategy for young people in the Korea Job World.



A comprehensive activation program is in place for vulnerable groups- the Successful Employment Package. It is composed of counseling, ALMPs, and intensive job matching.



Strict monitoring of the job-search activities and other conditionalities. Sanctions are in place in case of failures.