



Connecting People with Jobs

Strengthening Active Labour Market Policies in Korea



Connecting People with Jobs

Strengthening Active Labour Market Policies in Korea

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Member countries of the OECD.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Please cite this publication as:

OECD (2024), *Strengthening Active Labour Market Policies in Korea*, Connecting People with Jobs, OECD Publishing, Paris, <https://doi.org/10.1787/44cb97d7-en>.

ISBN 978-92-64-41088-6 (print)
ISBN 978-92-64-35078-6 (PDF)
ISBN 978-92-64-40974-3 (HTML)
ISBN 978-92-64-50007-5 (epub)

Connecting People with Jobs
ISSN 2616-4132 (print)
ISSN 2616-4140 (online)

Photo credits: Cover © Green Color/Shutterstock.com.

Corrigenda to OECD publications may be found on line at: www.oecd.org/about/publishing/corrigenda.htm.

© OECD 2024

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <https://www.oecd.org/termsandconditions>.

Foreword

Giving people better opportunities to participate in the labour market is a key policy objective in all OECD and EU countries. More and better employment increases disposable income, strengthens economic growth and improves well-being. Well-tailored labour market and social protection policies are a key factor in promoting the creation of high-quality jobs and increasing activity rates. Such policies need to address pressing structural challenges, such as rapid population ageing and evolving skill needs, driven by digitalisation and the green transition. They should also foster social inclusion and mobilise all of society. In addition, labour markets have been buffeted by temporary crises like the COVID-19 pandemic and Russia's war against Ukraine.

People working in some sectors and locations and those with certain qualifications and skills can be more at risk of job loss. These risks are coupled with events over a person's lifetime that can increase unemployment and long-term unemployment risks, such a spell of poor health or changes in family composition and situation. Active labour market policies (ALMPs) and public employment services (PES) will have a major role in the coming years to tackle unemployment risks, support labour relocation and make labour market participation accessible for all. At the same time, digitalisation, including artificial intelligence (AI) and advanced analytics, have enormous potential to improve the efficiency and effectiveness of ALMPs and PES in supporting jobseekers, workers and employers.

The OECD is carrying out a set of reviews of labour market and social protection policies to encourage greater labour market participation and promote better employment opportunities, with a special focus on the most disadvantaged who face the greatest barriers to finding quality jobs. This includes a series of country studies, *Connecting People with Jobs*, which provide an assessment of how well each country's ALMPs and PES help all groups to move into productive and rewarding jobs, and policy recommendations for improving their effectiveness.

This review discusses the remarkable progress that Korea has made in past years in achieving a more inclusive labour market by increasing the capacity and availability of active labour market policies (ALMPs), and blending different types of services and service channels into one-stop shops. Furthermore, the Korean labour authorities have adopted innovative tools using state-of-the-art technologies to provide ALMPs and envision a continuous improvement process of the digital ecosystem for the future. This report on Korea is the fifteenth country study published in this series.

Acknowledgements

This report was prepared by Anne Laurantson and Marius Lüske in the OECD's Directorate for Employment Labour and Social Affairs under the supervision of Theodora Xenogiani (team leader). Statistical assistance was provided by Dana Blumin, with editorial assistance provided by Natalie Corry. Kyungmin Noh provided expertise on the Korean labour market and its institutions and ensured regular exchanges with the Korean authorities.

Co-operation with Jiyoung Ha, Neung Hwi Kwon, Shin Jin Kyoung and other representatives of Korea's Ministry of Employment and Labor has been instrumental for the project and the preparation of this report, including through detailed answers to a policy questionnaire and the organisation of a virtual fact-finding mission in April and May 2023.

The report greatly benefited from the information received from stakeholders during the virtual fact-finding mission and in written form. These stakeholders included representatives of the Ministry of Employment and Labour (Central Office and Local and Regional offices), the Korea Employment Information Service (KEIS), "Middle-aged My Job Centres", the Ministry of Health and Welfare, Employment Welfare Plus Centres, and local governments in Sejong and Siheung. In addition, insights received from Hyeon Jong Kil (researcher at the Korea Labor Institute) were highly valued by the OECD project team.

Comments were provided by the Korean Ministry of Employment and Labour; as well as Stefano Scarpetta, Mark Pearson, and Mark Keese at the OECD. The report was also shared with the OECD Employment, Labour and Social Affairs Committee.

Table of contents

Foreword	3
Acknowledgements	4
Executive summary	8
1 Assessment and recommendations	10
1.1. Korea has a solid active market policy (ALMP) system, but would benefit from a more diverse ALMP portfolio, especially for groups facing labour market barriers	11
1.2. Korea's exemplary cutting-edge digital employment services need to become accessible for all	13
1.3. Korea should invest in developing a monitoring and evaluation framework that supports evidence-informed policy making	16
2 Organisation of active labour market policy provision in Korea	20
2.1. Introduction	21
2.2. Trends and challenges in the Korean labour market	21
2.3. Active labour market policies in Korea today	23
2.4. Key institutions involved in the provision of active labour market policies	26
2.5. Monitoring and evaluating active labour market policies	33
2.6. Conclusion	36
References	37
Note	39
3 Employment Centres and Employment Welfare Plus Centres as Korea's main providers of employment services	40
3.1. Introduction	41
3.2. Organisation and resources of Employment Centres and Employment Welfare Plus Centres	41
3.3. Working with jobseekers, people at risk of unemployment and employers	47
3.4. Conclusion	51
References	53
4 Active labour market policies for groups with vulnerabilities	55
4.1. Introduction	56
4.2. Vulnerable groups in the Korean labour market	56
4.3. Supporting vulnerable groups	58
4.4. Conclusion	67
References	68

5 Digital employment services in Korea	70
5.1. Introduction	71
5.2. Digitalisation strategy and resources	71
5.3. The digitalisation strategy of the Korea Employment Information Service should define frameworks and long-term principles, while implementing digitalisation should be supported with agile action planning	74
5.4. Digital services and channel management	76
5.5. Advanced technologies to deliver employment services in Korea	81
5.6. Conclusion	89
References	90
Notes	93

FIGURES

Figure 2.1. Unemployment is low, but inactivity among young people is higher than among other age groups	22
Figure 2.2. Direct job creation is much more common in Korea than in other OECD countries	24
Figure 2.3. The Ministry of Employment and Labour covers all fields of employment policy	27
Figure 2.4. Programme evaluations follow a well-defined process	34
Figure 3.1. Structure of Employment Welfare Plus Centres	43
Figure 3.2. The number of Employment Centres (including Employment Welfare Plus Centres) staff has increased in line with the growing demand for employment services	46
Figure 3.3. Standard jobseeker support process in Employment Welfare Plus Centres	49
Figure 4.1. Many older people rely on welfare payments	57
Figure 4.2. Employment rates among people with disabilities are low	58
Figure 4.3. More than half of ALMP expenditures is targeted to groups with vulnerabilities in Korea	59
Figure 4.4. Different groups of jobseekers with vulnerabilities have access to different types of ALMPs in Korea	60
Figure 5.1. The AI-based job matching tool in the Korean PES relies on job descriptions and job search behaviour data	82
Figure 5.2. Data exchanges with many external registers enable the Estonian PES to conduct counterfactual impact evaluations automatically	86

TABLES

Table 3.1. Divisions in Employment Centres and main responsibilities	42
Table 5.1. All key services for jobseekers can be provided digitally in Korea	76
Table 5.2. Employers in Korea have a digital channel to advertise their vacancies, look for staff and exchange relevant information with the PES	78
Table 5.3. The provision of active labour market policies is not fully integrated in the digital platform to support job counsellors in Korea	83

Follow OECD Publications on:



<https://twitter.com/OECD>



<https://www.facebook.com/theOECD>



<https://www.linkedin.com/company/organisation-eco-cooperation-development-organisation-cooperation-developpement-eco/>



<https://www.youtube.com/user/OECDiLibrary>




<https://www.oecd.org/newsletters/>

This book has...

StatLinks 

A service that delivers Excel® files from the printed page!

Look for the *StatLink*  at the bottom of the tables or graphs in this book. To download the matching Excel® spreadsheet, just type the link into your Internet browser or click on the link from the digital version.

Executive summary

This review discusses the progress that Korea has made in past years in achieving a more inclusive labour market by increasing the capacity and availability of active labour market policies (ALMPs), and blending different services and service channels into one-stop shops. Further strengthening evidence-based and data-driven services would help ensure that no-one is left behind through personalised, comprehensive and effective support to jobseekers.

In line with Korea's commitment to fostering an inclusive and well-performing labour market, resources allocated to ALMPs have increased from low levels over recent years (reaching 0.6% of GDP in 2021). While many types of ALMPs exist, the ALMP offer largely focuses on direct job creation programmes (0.18% of GDP or 30% of all ALMP spending), with less resources available for other types of ALMPs, such as training for youth and older jobseekers. Korea targets most of its ALMPs to groups vulnerable to labour market disadvantage, with a view to ensure support is provided to those who need it most.

Korea has created a large number of Employment Welfare Plus Centres, where employment counsellors and social workers from different organisations work together, aiming to create synergies and ensure comprehensive service provision.

Driven by the comprehensive strategic approach to digitalisation by the Ministry of Employment and Labor and the Korea Employment Information Service (in charge of implementing digital employment services), digital channels have become fully integrated in ALMP delivery to jobseekers and employers in Korea. Remarkable progress has been made in adopting innovative tools using state-of-the-art technologies, and a continuous improvement process is envisioned to achieve an even more integrated, automated, personalised and data-driven ecosystem of digital employment services providing better user experience and value-added to Public Employment Service (PES) clients.

The review's key policy recommendations include:

- **Diversify the ALMP portfolio** by channelling some of the funds that are currently used for direct job creation programmes to other types of ALMPs, notably training, especially for youth and older jobseekers.
- **Enhance co-operation within Employment Welfare Plus Centres**, for example through staff training focusing on co-operation, systematic co-operation processes and dedicated teams consisting of staff from different institutions.
- **Continue to extend co-operation with employers.** Assist employers with vacancy descriptions (including with digital tools) and filling bottleneck vacancies, and provide post-placement support to hire vulnerable jobseekers sustainably. Augment job mediation by web scraping and predicting hiring needs.
- **Establish key principles and frameworks for the digital transition in the long-term digitalisation strategy** for the PES and align the **agile short to medium-term action plans** to implement digital transition with the strategy.

- **Develop a framework to manage service channels to jobseekers optimally and consistently across Korea**, considering the type and objective of the specific services, as well as the target groups.
- **Increase the accessibility of digital tools and services** by identifying jobseekers with low digital skills early and ensuring that jobseekers with lower digital skills or other constraints to using digital channels are not left behind.
- **Continue developing the one-stop shop of digital employment services**. Strengthen profiling jobseeker competencies and interests for better career management, facilitate independent and instructed online training, and enhance user experience and interactivity of the PES platform by harnessing generalised AI.
- **Monitor and evaluate ALMPs and digital solutions comprehensively and systematically** to gain a good understanding of the impact of ALMPs and digital tools and ensure good use of public funds. Continue efforts to link data from administrative registers to use for digital services, as well as to enrich and automate monitoring and evaluation activities.

1 Assessment and recommendations

Anne Lauringson and Marius Lüske, OECD

Korea has a solid system in place of active labour market policy (ALMP) provision. In addition, Korea has increased the resources allocated to ALMPs, with an emphasis on assisting groups facing labour market barriers. To further strengthen the quality of this support, Korea could diversify its ALMP offer, enhance co-operation among Employment Welfare Plus Centres' staff to ensure comprehensive service provision, and further reinforce jobseeker counselling and services to employers. Driven by a comprehensive strategic approach to digitalisation, digital employment services have become an integral part of employment services in Korea, often using innovative state-of-the-art technologies. To progress further on this successful pathway, clearer frameworks should be established to manage risks associated with advanced technologies and ensure that no jobseekers are left behind. ALMPs and digital solutions for employment services need to be monitored and evaluated rigorously and systematically.

1.1. Korea has a solid active market policy (ALMP) system, but would benefit from a more diverse ALMP portfolio, especially for groups facing labour market barriers

1.1.1. Korea's active labour market policy (ALMP) system is well funded, but a more diverse ALMP portfolio could unlock potential for further employment growth

Korea's labour market performs well in terms of employment rates and unemployment, but faces structural challenges, notably deeply entrenched segmentation between regular and non-regular workers, high inactivity rates among young people, difficulty in balancing professional and family life for mothers, and a shrinking workforce due to rapid population ageing. More than 70% of 15-24 year-olds are either inactive or unemployed and Korea is on track to lose about 20% of its working-age population (15-64 years) over the next 15 years alone.

Over recent years, Korea has substantially increased its spending on ALMPs, demonstrating a strong commitment to enhancing programmes to connect jobseekers with jobs. Today, Korea spends 0.6% of its GDP on ALMPs (excluding employment maintenance incentives to abstract from COVID-19 specific measures), more than the OECD average of 0.45% (and 0.68% in Korea and 0.63% in the OECD average when including employment maintenance incentives), while still keeping some leeway for further increases in case these are necessary, for example due to prolonged economic downturns. Korea should continue to ensure that sufficient funds remain available in the future, allowing to provide high-quality ALMPs to people in need of support.

While the overall ALMP system is well funded, Korea spends less on training programmes than other countries (0.09% of GDP in 2021 in Korea, against the OECD average of 0.11% and over 0.3% in those countries with the strongest emphasis on training), as well as on other types of ALMPs. Instead, one-third of Korea's expenditure on ALMPs excluding employment maintenance incentives (or 26% when including employment incentives) is used for direct job creation programmes, limiting the funds that are available for other types of programmes. International evidence points to a limited effectiveness of direct job creation programmes, and there is no comprehensive evaluation of the effects of job creation programmes in Korea. Against this backdrop, Korea should consider conducting in-depth analyses of its direct job creation programmes, and continue only those that perform well, channelling freed resources towards other types of ALMPs. Moving away from an ALMP offer that is heavily focused on direct job creation towards a more diverse ALMP portfolio would help to ensure that jobseekers can access measures that align with their individual needs. Korea could learn from countries that have built a diverse and balanced ALMP portfolio over the years and which focus more on training (e.g. Finland, Estonia, Austria).

1.1.2. The ALMP system would benefit from continued efforts to further enhance co-operation

Korea's system of ALMP provision ensures streamlined and equitable access to support, and ensures alignment between ALMPs and broader national employment policy. To further ensure that ALMP strategies and policies meet labour market needs across Korea, further channels for systematic feedback and input by decision makers at local level in Employment Welfare Plus Centres (EWPCs) and partner organisations, as well as frontline staff, should be established. In addition, ALMP regulations and strategies should foresee some flexibility in ALMP design and implementation to enable ALMPs to align well with local needs.

Korea's system of ALMP provision is characterised by a large number of stakeholders, including Employment Centres attached to the Ministry of Employment and Labor (MOEL), local governments, service providers depending on other Ministries and NGOs. ALMP and social service provision are increasingly integrated into EWPCs, hosting staff of Employment Centres but also partner organisations.

While this integration is a big step in the right direction, the quality of collaboration practices within EWPCs varies across Centres, and there is a risk of gaps or overlaps in ALMPs and other services.

Korea should take action to further strengthen collaboration within EWPCs, setting clear co-operation guidelines for staff and providing tailored training to boost co-operation. In this respect, Korea could learn from France, where dedicated teams consisting of employment counsellors and social workers exist to provide support to people with both employment and social barriers. Additionally, it will be important that staff levels of staff from partner organisations (NGOs, non-classified public institutions, and local governments) are sufficiently high to allow adequate co-operation and sufficient provision of social services.

1.1.3. The far-reaching support of Employment Centres and EWPCs could be fostered by further enhancing jobseeker counselling and additional support for employers

Employment Centres and EWPCs work according to well-defined processes, highlighting a commitment to effective service provision in line with people's needs. Depending on a jobseeker's individual circumstances, the person may get support from Employment Centre frontline staff or, in case they belong to a specific vulnerable group, from specialised counsellors. During the COVID-19 pandemic, EWPC mainly provided non-face-to-face services and thus the offering of employment services was somewhat limited.

Korea should aim to provide sufficient human resources for in-depth counselling, both in terms of the number and qualification of counsellors. Counselling being a cornerstone of the support Employment Centres and EWPCs provide, counsellors need to access training to learn to master counselling techniques, provide personalised and empathic support while identifying labour market barriers of their clients, as well as to make the best use of digital tools available to them.

Besides further strengthening counselling services to jobseekers, the work of EWPCs should be extended to focus more strongly on employers. Public Employment Services (PES) in some other OECD countries, notably Slovenia, go far in supporting employers, and Korea could build on these experiences to build up more comprehensive support for employers, recognising their key role in the successful integration of jobseekers into the workforce. Korea has taken steps in this direction, introducing a new employer support programme that provides customised services ("Corporate Leap Guarantee Package"), ranging from improving employment conditions to recruitment support. However, to further expand employment services targeted to employers, it will be necessary to ensure sufficient staff and resources are available for these tasks.

1.1.4. Korea targets most of its ALMPs to vulnerable groups, but could diversify its offer for youth and older jobseekers, and intensify support for people with disabilities and mothers

According to a mapping between ALMPs and target groups undertaken for this report, Korea earmarks 57% of ALMPs spending towards groups vulnerable to labour market disadvantages, recognising the labour market barriers faced by many youth, older jobseekers, women with career breaks, and people with disabilities. The strong focus on such groups increases the availability of tailored and individualised ALMPs for those who need them most and contributes to cost-efficient use of public resources.

Sixty percent of the spending on ALMPs earmarked to young people is used for recruitment incentives, way ahead of other types of ALMPs. To boost the employability of youth, Korea should consider shifting its ALMPs targeting for young people to focus more on training, especially workplace training. Drawing inspiration from OECD countries like Austria, which successfully implements large work-study programmes, can provide valuable insights. Additionally, streamlining youth-targeted programmes to reduce overlap and fragmentation across programmes can ensure a more efficient allocation of resources.

Korea's approach to supporting older jobseekers diverges significantly from other OECD countries, with the vast majority of ALMP spending for older people channelled into direct job creation. This strategy should be adapted by offering a more comprehensive ALMP portfolio for older people, including skill development and retraining programmes, particularly those enhancing digital literacy and modernising outdated skill sets. In addition, Korea currently has very big programmes for people who are already in retirement age, which is an unusual approach compared to other countries. For these programmes, it will be important to define specific objectives (e.g. social inclusion, a reduction in poverty) and evaluate their outcomes, allowing to fit these programmes in the wider policy mix in Korea.

The offer of ALMPs for individuals with disabilities is sensible, but nevertheless the labour market and social situation of many people with disabilities remains complicated. Against this background, Korea should intensify efforts to effectively reach and support this group. Strengthening collaboration with NGOs and leveraging the network of EWPCs to proactively inform and engage individuals with disabilities about available services could markedly enhance labour market participation and address both the employment and social hurdles faced by them.

Korea also offers specific ALMPs for women with career breaks, notably in New Job Centres for Women which take part in EWPCs. The ALMPs on offer for women with career breaks, typically mothers, is very balanced, offering placement services, institutional training, and recruitment incentives, ensuring that diverse ALMPs are available. Despite this balanced approach, the challenge of reintegration into the labour market persists for many mothers. Consequently, Korea should assess whether a further increase in the funding dedicated to this group of jobseekers is worthwhile, considering that it is currently low.

1.2. Korea's exemplary cutting-edge digital employment services need to become accessible for all

1.2.1. The comprehensive digitalisation strategy of Korea's employment services would benefit from principles for risk management and impact evaluation over the long term

Guided by the Korean Government's ambition to have the world's best digital government infrastructure, digitalisation is thoroughly embedded in the strategic thinking of Korea's employment services. The high-level vision of digital employment services is provided by MOEL, while the dedicated digitalisation strategy of the Korea Employment Information Service (KEIS) guides the digital developments in further detail. Only about a quarter of the PES in other OECD and EU countries guide the digital transition process as strategically as Korea.

Looking ahead, the authorities should consider separating more clearly the long-term strategic concept regarding digitalisation from the more detailed action planning that could be made more agile. That would enable the Korea Employment Information Service KEIS in charge of implementing digital PES to introduce more agility in its project management and modern agile development methodologies without losing sight on the strategic vision and objectives. A long-term strategy of KEIS should also aim at covering the underlying relevant frameworks and principles more comprehensively than currently regarding, for example, system and data security, systematic frameworks to ensure digital tools have high value-added and user-friendliness, software development methodologies, systematic monitoring and evaluation of digital developments, and managing risks of digital tools (ethics, biases, trustworthiness, accountability, transparency, fairness). Managing the risks of digital tools is even more crucial when leveraging advanced analytics and artificial intelligence (AI). The MOEL and KEIS should consider whether cross-policy regulations and institutions advising on ethical AI (and other potential risks) in Korea are sufficient to ensure an appropriate risk management for digital solutions in the PES, or whether additional dedicated frameworks are needed. In addition, the KEIS and MOEL need to co-ordinate tightly also in the future to ensure that their strategies and relevant frameworks are fully aligned.

1.2.2. A framework to manage service channels would facilitate synergies between accessible digital services and in-depth face-to-face services

Driven by a comprehensive strategic approach to digitalisation, digital services have become an integral part of the PES business model in Korea. The support to jobseekers and employers is not simply digitised, but digitalised, i.e. maximising the value-added that digitalisation can bring, aiming to provide jobseekers and employers with user-friendly and effective support, often using AI technologies. Some of the digital services available in Korea go beyond those available in the PES in many other OECD and EU countries. For example, some Employment Centres provide jobseekers an opportunity to conduct virtual AI-based mock job interviews to prepare them for actual job interviews later on.

Facilitating access to online training (independent and instructed) via the PES platform could further help Korea deliver jobseeker services as a one-stop shop as aimed at in the strategies of the MOEL and KEIS. Offering jobseeker skills profiling via the PES platform helps to understand skills and contribute to better targeting of training (including online training), more effective job matching and career services, as well as more personalised support to jobseekers overall. To further facilitate matching labour market supply and demand through digital services for employers, Korea should consider developing a digital tool to assist employers in designing job vacancies, combined with a solution to improve vacancy postings regarding their compliance with legislation and in line with the labour market situation. Such comprehensive approaches would help employers find the staff they need, as well as support jobseekers find good quality jobs.

The Korean labour authorities should develop a framework to better manage service channels to jobseekers optimally and consistently across Korea, considering the type and objective of the specific services, as well as the target groups. Designing the optimal offer of digital self-services to support jobseekers is crucial, as the same approach does not fit all jobseekers. Evaluations have shown that digital counselling arrangements often have lower positive effects than face-to-face counselling, particularly concerning more vulnerable groups, and are thus not necessarily good substitute services. A digital service that is offered complementary to other services can have positive effects on jobseekers' labour market outcomes, particularly if the digital service offers additional functionalities and convenience compared to services with similar objectives offered offline. Thus, the Korean PES should aim at creating synergies between counsellors and digital solutions, and not view online and offline services entirely in isolation.

Simultaneously with increasing the availability of digital service channels, the PES in Korea needs to increase the accessibility of such channels. Supporting jobseekers to gain relevant digital skills and access equipment to use digital services, would enable jobseekers to access richer support from the PES, as well as contribute to their job search possibilities more widely.

Successfully prioritising digital channels and increasing their take-up as foreseen in the strategies of MOEL and KEIS require that these channels provide enhanced performance and better user experience, which can only be achieved if end-user insights are systematically taken into consideration throughout the development process.

1.2.3. Advanced technologies to provide job matching and career management services could be supported by augmented (digital) skills profiling

Modernising digital infrastructure, including via advanced technologies, has been prioritised in the strategies of the MOEL and KEIS for the past years. Consequently, great progress has been made in adopting innovative tools using state-of-the-art technologies for the core employment services. As such, Korea is among the 45% of OECD countries that are using AI within the digital infrastructure of the PES. Currently, AI is used by the Korean PES to facilitate job matching (*TheWork*) and career counselling (*Job Care*) services, connecting jobseekers with suitable vacancies, occupations and training by analysing vacancy postings, resumes, and job search behaviour of jobseekers. The digital infrastructure also helps

job counsellors in the Employment Centres to deliver their (offline) services to jobseekers and employers, and it is being continuously improved to enhance user experience.

To further improve digital career services, MOEL and KEIS aim to include information on jobseekers' aptitude, interests and knowledge in the tool *Job Care*. To better tailor career recommendations to jobseeker interests, Korea could learn from the PES in Flanders (Belgium), which uses the AI-based tool called *Orient* to help jobseekers better understand their job preferences and the job matching platform, and counsellors to make thus better suited recommendations to jobseekers, while maximising user friendliness. In addition, the MOEL and KEIS could consider improving the functioning of the *Job Care* platform by feeding in more information on jobseeker skills, for example by learning from short competency tests adopted by the German PES (e.g. on motivation, desire to learn, self-efficacy, objective-orientation, time-management and decision-making). Additionally, Korea could analyse whether using Natural Language Processing could help incorporate supplementary relevant competencies, particularly soft skills, in the job dictionary (a taxonomy of occupations and competencies used by KEIS) into the skill requirements for job vacancies or to identify the skills and of jobseekers from the documents they provide, and thus further lighten the administrative burden of job counsellors.

Crucially, the system of employment services in Korea should seek to understand better jobseekers' digital skills to make more informed decisions about providing them with digital and/or face-to-face channels, and refer them to ICT training as necessary. While some jobseekers have certificates for the ICT skills that will allow them to use PES online services independently, it is important for the PES to be able to identify those jobseekers that indeed need face-to-face support early on to avoid becoming long-term unemployed. The MOEL and KEIS should consider whether to co-operate with a provider of digital skills testing, integrate these tests within their digital infrastructure (even if only via linking to another platform), trigger referrals to these tests if jobseekers lack relevant certificates, and use the test results for profiling jobseekers for improved channel management and targeting training. While the digital skills of a jobseeker have not been tested or certified, referring them to counselling in the Employment Centres would be advisable.

1.2.4. The new integrated ecosystem of digital employment services has the potential for increased value-added and improved user experience

As the next major step regarding digital infrastructure for employment services, the MOEL and KEIS are seeking to better integrate the different digital platforms used by Employment Centres, jobseekers and employers. The new system called *Employment24* would enable a more tailored and comprehensive response to jobseeker and employer needs, providing support regarding employment services, training and benefits via the same system. For PES staff, a more integrated system would enable faster administrative processes and more automation.

Employment24 will aim also at strengthening data exchanges with other registers and increase data validity and integration to further support the concept of a one-stop shop, and increase automation and efficiency. The MOEL and KEIS have made significant progress in establishing data exchanges with other registers over the past decade and should continue their efforts to avoid duplicating information collection from jobseekers and employers. Richer automatic data exchanges would also support evidence generation on ALMPs, and even automating impact evaluations (such as done in the Estonian PES). This would free up KEIS capacity to meet more sophisticated needs for evaluation, such as designing randomised controlled trials for new policies and approaches or developing evaluations beyond specific ALMPs, such as digital tools.

To further increase the value added of *Employment24*, Korea should aim to strengthen the information used in the platform on vacancies available in the labour market. For example, web scraping to pool additional vacancies (such as done in the Dutch PES) and revealing the hidden labour market by predicting hiring needs (such as done by the French PES) could improve the value added of *Employment24*. A higher coverage of vacancies on the labour market would provide more opportunities for jobseekers using

Employment24, as well as enrich the information in the job dictionaries that support the vacancy matching and *Job Care* career management algorithms.

Improvements in intuitiveness, good user support and greater interactivity will be required to further enhance the quality of user experience of *Employment24*. One way of achieving this is introducing a chatbot within the platform to guide users, which is also an aim of the strategies of the MOEL and KEIS. Similar bots using Natural Language Processing could be introduced for written communication with jobseekers and employers (such as being developed in the PES in Luxembourg) to further decrease administrative burden.

1.3. Korea should invest in developing a monitoring and evaluation framework that supports evidence-informed policy making

1.3.1. Counterfactual impact evaluations would complement the monitoring system of ALMPs

Korea has made significant efforts to implement systematic monitoring of its ALMPs that combines quantitative and qualitative analyses. In line with the government's aspiration to enhance programme efficiency, this regular and comprehensive monitoring has enabled the identification and adjustment of programmes to better meet labour market needs. The results of annual monitoring are taken into account for budgetary decisions, as well as the choice of contracted-out service providers.

In addition to this comprehensive approach to monitoring, Korea would benefit from investing in in-depth evaluations, particularly counterfactual impact evaluations (CIE). These evaluations, which are less prevalent in Korea, offer the potential to identify the effectiveness of ALMPs by assessing their net impact on labour market (and social) outcomes using advanced techniques.

By allocating the necessary resources to policy evaluations and leveraging the rich administrative data and increasing digital capacity, Korea could reliably identify the most cost-effective ALMPs, aligning with best practices in other OECD countries. Korea could learn from countries like Canada, Denmark, Estonia and Germany, where CIEs are conducted regularly and some processes almost automated to save funds and time. Such a strategic shift would not only complement the insights gained from monitoring but also ensure that ALMPs deliver tangible benefits to the labour market, maximising the return on investment in these programmes.

1.3.2. Monitoring and evaluation of digital tools and services needs to be comprehensive and systematic

Digital tools and services need to be systematically monitored and evaluated similarly to other services and measures provided by PES to ensure that they perform well and for continuous improvement. Monitoring take-up numbers to understand usage and accessibility and collecting user-feedback to pinpoint issues with design and functioning are critical to fine-tune digital tools and services. In addition, they should be rigorously evaluated using CIE methods to understand whether they are helping jobseekers and employers.

Therefore, the MOEL and KEIS should introduce the evaluation of the effects of digital tools and services systematically in the development and adoption phase. Ensuring performance and avoiding negative side-effects need to be addressed already in the initial phases of designing new digital tools and services. For example, they should not be treating some population groups unfairly, distort labour market functioning or substantially alter competition between jobseekers for job opportunities. In addition to testing and piloting undertaken by KEIS now, the new digital tools and services should be piloted using randomised controlled trials whenever feasible and thereafter rigorously evaluated. In addition, such evaluations should study the

effects on sub-groups to ensure that the new solutions work for all. Furthermore, additional CIEs can be relevant even after full roll-out as the effects can differ when scaled up. CIEs need to be accompanied by process evaluations to further pinpoint needs for fine-tuning the digital tools and services.

Key policy recommendations

Continue to ensure sufficient ALMP funding and diversify the ALMP portfolio

- Maintain funding for ALMPs at robust levels to ensure that sufficient resources are available to provide well-performing and comprehensive ALMPs to people in need of support.
- Evaluate direct job creation programmes and continue only well-performing programmes while considering terminating those with unsatisfactory results. Channel freed resources to other types of ALMPs that are currently less well funded, especially training programmes, including workplace-based training.

Enhance co-operation between the stakeholders of the ALMP system

- Improve the co-operation between staff from different institutions in EWPCs, including through staff training with a focus on co-operation, systematic co-operation processes, and dedicated teams consisting of staff from different institutions.
- Ensure a sufficient number of staff from partner organisations (such as local municipalities and NGOs) in EWPCs to enable sound co-operation practices and a comprehensive service offer.
- Establish additional bottom-up channels for systematic feedback and input by stakeholders at the local level to ensure local adaptability.

Reinforce counselling services and provide more support to employers

- Aim at sufficient human resources for in-depth counselling, both in terms of the number and qualification of counsellors. Train counsellors to master counselling techniques, identify jobseekers' employment barriers and make the best of digital tools available to them.
- Profile jobseekers' digital skills to inform channel management (i.e. digital or face-to-face provision of services) and training. The MOEL and KEIS should consider co-operating with a provider of digital skills testing to identify relevant tests, integrate these tests within the digital infrastructure, and trigger referrals to these tests if jobseekers lack relevant certificates. Profiling needs to identify those jobseekers that require face-to-face support early to prevent them becoming long-term unemployed.
- Continue the work of counsellors specialising on working with employers, and provide tailored support to employers, such as assistance with vacancy descriptions, help to broaden reach among possible job candidates, conducting initial screenings to match the right profiles with vacancies, and post-placement support.

Optimise ALMPs and support for groups with vulnerabilities

- Continue to earmark a substantial share of ALMP spending to the groups most in need of support, including youth, older jobseekers, people with disabilities and mothers with career breaks.
- Put a greater focus on training in ALMPs targeting young people, especially workplace training, to boost the employability of youth.

- Provide a more comprehensive offer of ALMPs for older jobseekers, including skill development and retraining programmes, while reducing the role of direct job creation programmes.
- Define specific objectives of ALMPs targeted to people who are already above retirement age to assess their impact and their role in Korea's wider policy mix.
- Increase outreach to people with disabilities to connect more people in this group with the labour market.
- Conduct analyses to assess whether the current offer of ALMPs for mothers with career breaks is sufficient and consider increasing the share of ALMP spending earmarked to this group.

Define frameworks and long-term principles in the digitalisation strategy and support it with agile action planning

- Include key principles and frameworks for the digital transition in the long-term digitalisation strategy of the KEIS regarding system and data security, development methodologies, end-user insights, monitoring and evaluation of digital solutions, and risk management (ethics, biases, trustworthiness, accountability, transparency, fairness) in co-operation with relevant institutions.
- Introduce more agility in implementing digitalisation and adopt modern agile development methodologies by distinguishing action planning from long-term strategies that could be revised yearly to cover, for example, the next three to five years (a rolling action plan). Keep action planning fully aligned with the objectives and principles of the long-term strategy.
- Continue tight co-ordination between the KEIS and MOEL to ensure that the strategies and relevant frameworks are fully aligned.

Create synergies between accessible digital services and in-depth face-to-face services

- Develop a concept to manage service channels to jobseekers optimally and consistently across Korea, considering the type and objective of the specific services, as well as the target groups.
- Increase the accessibility of digital channels by supporting jobseekers to gain digital skills and access relevant equipment.
- Take end-user insights systematically into account in developing and improving digital channels to increase performance and user experience.

Strengthen the one-stop shop of digital employment services

- Facilitate access to online training via the PES platform covering both independent and instructed training, including to improve job search skills.
- Continue efforts to use information on jobseekers' interests and skills to tailor career services, including by identifying supplementary relevant competencies (particularly soft skills) in the job dictionary and additional competencies in jobseekers' documents.
- Assist employers in designing job vacancies and combine this with a solution to improve vacancy postings regarding their compliance with legislation and the labour market situation.
- Strengthen the information used in the PES platform on vacancies available on the labour market by web scraping to pool additional vacancies and predicting hiring needs to reveal the hidden labour market.
- Introduce a chatbot within the PES platform to guide users and an email-bot in the back-office for written communication with jobseekers and employers to further decrease administrative burden.

Increase the value-added of linked administrative data

- Continue efforts to establish data exchanges with additional relevant registers to avoid duplicating information collection from jobseekers and employers.
- Use the rich administrative data and advanced digital capacity to automate ALMP monitoring and regularly needed impact evaluations.

Monitor and evaluate ALMPs and digital solutions comprehensively and systematically

- Shift ALMP evaluation activities towards more in-depth evaluations, particularly counterfactual impact evaluations, to assess the net impact of ALMPs on labour market (and social) outcomes, including long-term impacts.
- Introduce counterfactual impact evaluations of digital tools systematically in the development and adoption process. Ensuring performance and avoiding negative side-effects need to be addressed already in the initial phases of designing new digital tools and services.
- Pilot new ALMPs and digital tools and services using randomised controlled trials whenever feasible and thereafter evaluate the results rigorously. Conduct counterfactual impact evaluations using quasi-experimental design to evaluate the effects after large-scale roll-out.
- Study the effects by sub-groups of users and beneficiaries to ensure that the new ALMPs and solutions work for all.
- Support impact evaluations by process evaluations to further pinpoint needs for fine-tuning the digital tools and services and ALMPs.

2 Organisation of active labour market policy provision in Korea

Marius Lüske, OECD

This chapter provides an overview of the organisational framework of active labour market policies (ALMPs) in Korea. It describes the growing role of ALMPs in the Korean labour market and discusses the different stakeholders involved in the provision of ALMPs, showing that the organisational framework is complex. The chapter also explores the monitoring and evaluation processes that are used to assess the effectiveness and efficiency of ALMPs in Korea.

2.1. Introduction

In recent years, the importance of active labour market policies (ALMPs) has grown in Korea. The Korean labour market is evolving rapidly amid several transformative mega-trends, most notably the digitalisation of the economy, rapid population ageing and the green transition, and it is a key priority to enhance employment opportunities for all, skills development, and workforce adaptability. In this context, ALMPs are at the forefront of strategies aimed at increasing employment, fostering economic resilience, and ensuring that the workforce remains competitive and well-equipped to navigate the modern job market.

This chapter provides an overview of the organisational framework of ALMP provision in Korea, preparing the grounds for further discussions in the following chapters, and presents policy examples illustrating how other OECD countries organise their ALMP systems. After a short discussion on the main challenges and opportunities in the Korean labour market (Section 2.2), the chapter depicts how Korea currently uses ALMPs to support employment (Section 2.3). The discussion provides a general overview of ALMP spending and the composition of the ALMP basket in Korea, laying the foundations for a more in-depth analysis of ALMPs for vulnerable groups in Chapter 4. Following this, the main key institutions providing ALMPs or related services (e.g. social services) are presented (Section 2.4), which should be seen in conjunction with a more detailed discussion of the Korean Public Employment Service (PES) in Chapter 3. The chapter then analyses how ALMPs are monitored to ensure high service quality (Section 2.5). The final section summarises the key findings of the chapter.

2.2. Trends and challenges in the Korean labour market

This section summarises the main trends and challenges in the Korean labour market. It shows that unemployment levels are low, but that joblessness is nevertheless common among young and prime-aged people, most notably due to the deeply enrooted duality of the Korean labour market. In addition, the Korean labour market faces further challenges, including very rapid population ageing and limited labour market prospects for women with children.

2.2.1. Unemployment is low, but the deeply enrooted duality of the labour market is an obstacle to higher employment rates

The Korean labour market is overall strong yet encounters structural challenges. The unemployment rate is among the lowest in the OECD, at 2.9% in 2022 among 15-64 year-olds, and has been constantly below 5% for more than two decades, including throughout the COVID-19 pandemic. No other OECD country except for Norway can look back on an equally long track record of low unemployment levels. In comparison to other countries, unemployment rates are low for all age groups, and for both men and women, highlighting that low unemployment is a general phenomenon concerning large parts of the population and is not only restricted to a few specific groups.

Nevertheless, inactivity is common in Korea because many people do not work and are not actively looking for work (Figure 2.1). This is especially true for young people, with activity rates among 15-24 year-olds being almost 20 percentage points below the OECD average (OECD, 2022^[1]). The comparatively low participation in the labour market also extends to prime-aged people, even though to a lesser extent, with activity rates among 25-54 year-olds reaching 79.2% in 2022 in Korea against 83.1% in the OECD.

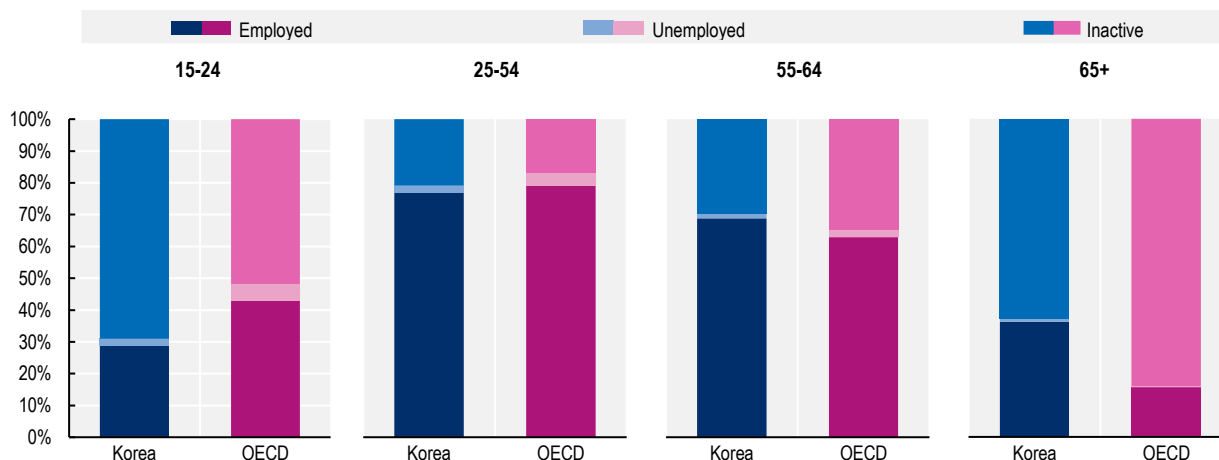
One of the main challenges preventing further increases in employment levels is the deeply enrooted duality of the Korean labour market. While regular employment contracts tend to offer stable employment, competitive salaries and access to social protection, non-standard contracts are far less secure, pay less and are less likely to come with enrolment in social protection programmes. As of May 2023, 43% of workers did not have a regular employment contract, with the biggest groups of non-standard workers

being temporary workers (16% of total employment) (Social Statistics Bureau, 2023^[2]). Once employed in non-standard work, the chances of moving up to a regular employment contract are slim, including because workplace training is very rare for non-standard workers. The duality of the Korean labour market is closely linked to the distinction between large corporations and the public sector on the one hand, and small and medium-sized enterprises (SMEs) on the other (OECD, 2022^[1]). Major conglomerates and the public sector have a high proportion of regular employees who benefit from stable, long-term employment while SMEs tend to rely more heavily on non-standard work in line with their higher sensitivity to the economic cycle. The duality of the labour market creates disincentives to take up employment for many Koreans, especially at the beginning of their careers (see Chapter 4).

In contrast to young and prime-aged people, labour force participation and employment rates for older age-groups are high (Figure 2.1). In 2022, 70.3% of Korea's 55-64 year-olds were in the labour force and 68.8% were employed, well above the OECD averages of 65.3% and 62.9%, respectively. These high levels are largely due to late labour market exits which occur, on average, about two years later than in other OECD countries (OECD, 2020^[3]). The high employment levels also extend beyond the normal retirement entry age, which is currently age 62 in Korea. In fact, Korea has the highest employment rate among all OECD countries for people aged 65 and above, at almost 40%, far above most other countries. While this remarkably high level contributes to economic growth, it also reflects the precarious situation of many older people in Korea, with high old-age poverty rates and low pension entitlements (OECD, 2021^[4]). Furthermore, many of the jobs for older people are subsidised positions rather than jobs in the open labour market (see Chapter 4).

Figure 2.1. Unemployment is low, but inactivity among young people is higher than among other age groups

Share of the population according to their labour market status, by age group, 2022



Note: OECD is a weighted average.

Source: OECD calculations based on OECD dataset: LFS by sex and age – indicators, <http://stats.oecd.org/Index.aspx?QueryId=118627>.

StatLink  <https://stat.link/b0kgwl>

2.2.2. Rapid population ageing and the career prospects of mothers are challenges confronting the Korean labour market

In the coming years, it will be important to prevent labour shortages from building up. Already today, labour shortages pose a challenge for SMEs, hindering their ability to recruit qualified workers. (OECD, 2022^[1]). These shortages are likely to intensify, as Korea is predicted to age drastically in the next few decades,

with the share of people aged 70 and over jumping from 12% in 2023 to 20% within 10 years and almost 30% by 2040 according to the latest projections. Meanwhile, Korea is on track to lose one-fifth of its working-age population (15-64 years) over the next 15 years alone (United Nations, 2023^[5]). In this context, it will be important to boost employment rates of younger and prime-aged cohorts, where employment levels lag behind those of other countries.

One particularly pressing challenge in the Korean labour market relates to making a professional career compatible with family life. Despite efforts to address the issue, having a child is still associated with a significant and long-lasting drop in earnings prospects for mothers, thereby confronting them with the choice between having a family and having a good career (Choi, Shin and Ro, 2022^[6]). At the same time, Korea is faced with record low fertility levels, at 0.72 children/woman in 2023, which is the lowest fertility rate ever recorded in the world. Eliminating the “motherhood penalty” in career prospects and enabling a smooth return to work after maternity leave are essential objectives, which would contribute to reducing the very large gender gap in employment in Korea (17 percentage points among 15-64 year-olds in 2022, against a median¹ of 7 percentage points in OECD countries) and help increase fertility levels.

2.3. Active labour market policies in Korea today

Faced with the labour market challenges outlined above, Korea requires a well-tailored mix of employment policies. Recognising the important role of ALMPs in this context, the Employment Policy Council, which is chaired by the Minister of Employment and Labour and takes decisions on employment policy plans, considers that reinforcing ALMPs in Korea, and in particular employment services, is “urgently needed” (Employment Policy Council, 2023^[7]).

2.3.1. ALMP spending has grown and focuses on direct job creation

Historically, Korea spent very little on active and passive labour market policies. While expenditures on both ALMPs and passive labour market policies (PLMPs) had been increasing over the years, they remained relatively low compared to other countries until the onset of the COVID-19 pandemic. In 2019, spending on ALMPs (relative to GDP) was 47% lower than on average in the OECD, and spending on PLMPs about 30% lower. The limited expenditure on ALMPs and PLMPs was due to low unemployment rates, but also to the fact that many ALMPs were less widely available than in other OECD countries and that PLMPs cover only parts of the unemployed (OECD, 2023^[8]).

Due to strong increases in spending since 2020, mostly on employment incentives and direct job creation programmes, Korea’s expenditures on ALMPs are now well above the OECD average. In 2021, Korea used 0.6% of its GDP for ALMPs when excluding employment maintenance incentives to abstract from COVID-19 specific measures (and 0.68% when including maintenance incentives), up from 0.36% in 2019, against 0.45% in the OECD (0.63% in the OECD when including maintenance incentives). According to this metrics, Korea is now among the countries that devote a relatively large shares of their GDP to ALMPs, above countries like Germany and Switzerland that used to spend much more on ALMPs than Korea. This increase in spending mirrors Korea’s efforts to use ALMPs more widely and more systematically than in the past as tools to address labour market challenges, especially for vulnerable groups facing labour market barriers.

The composition of ALMPs differs markedly between Korea and other OECD countries (Figure 2.2, Panel A). In 2021, Korea spent less than many other countries on sheltered and supported employment and rehabilitation (0.04% of GDP in Korea against 0.09% in the OECD) as well as training (0.09% against 0.11%), while it spent more on other types of ALMPs. Low spending on training is a particular issue, as training programmes often prove to be effective policy tools to foster employment outcomes in the medium and long run (Card, Kluve and Weber, 2017^[9]). What is more, the fit between the content of training courses

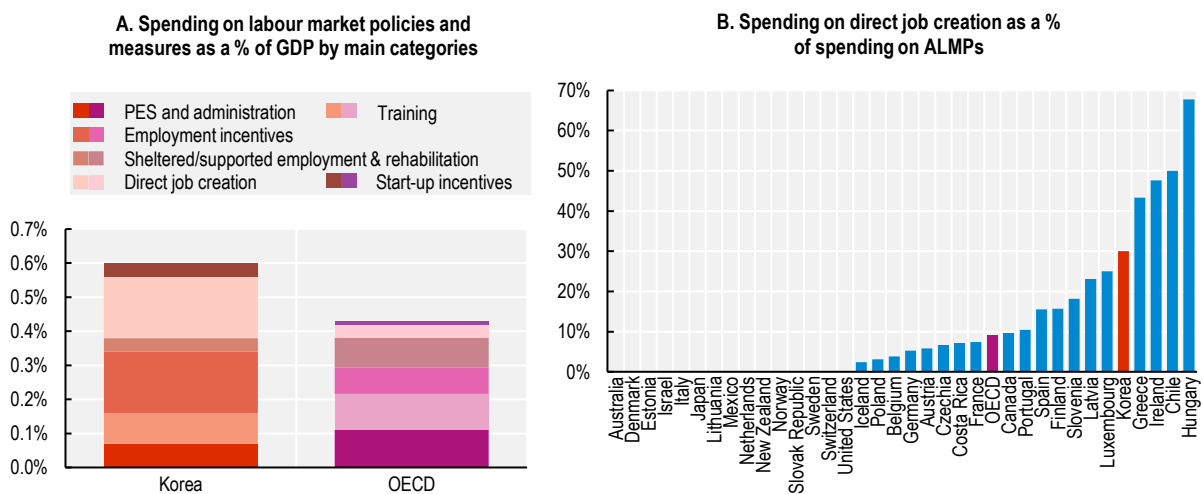
and jobseekers' needs is sometimes weak in Korea (Employment Policy Council, 2023^[7]). That is, only few jobseekers receive training in Korea, and for those who do, there is a chance that they do not get the training they really need.

Against this backdrop, Korea should consider the option to use a larger proportion of its ALMP expenditures on training and ensure that the training programmes that are offered align with the needs of participants. The experience of other countries can provide valuable insights on that matter as some other OECD countries have made the choice to focus their ALMP basket to a large extent on training programmes, aiming to take advantage of the promising results they can achieve (see Box 2.1 for Finland as an example). Going forward, Korea could build on these experiences to determine whether and how to extend the use of training programmes in line with the needs of jobseekers and people at risk of unemployment.

Conversely, Korea's expenditure on direct job creation is very high (Figure 2.2, Panel B). In 2021, Korea used 30% of its expenditure on ALMPs for direct job creation programmes (0.18% of GDP was spent on direct job creation programmes while total ALMP spending excluding job maintenance incentives was 0.6% of GDP), against 9% on average in the OECD, leaving limited spending for other types of ALMPs. Only Greece, Ireland, Chile and Hungary spend, relatively speaking, more, while almost half (43%) of other OECD countries do not fund direct job creation programmes at all any longer, as the impact of such programmes on employment outcomes is found to be limited or even negative in many circumstances (Card, Kluve and Weber, 2017^[9]).

Figure 2.2. Direct job creation is much more common in Korea than in other OECD countries

Spending on different types of ALMPs and role of direct job creation, 2021



ALMP: Active labour market policies; PES: Public employment service.

Note: OECD is an unweighted average of the 34 countries shown. Employment incentives exclude category 4.2 (Employment maintenance incentives), to remove as much as possible measures that are specific to COVID-19. Data refer to 2020 for Italy.

Source: OECD dataset: *Public expenditure and participant stocks on LMP*, <http://stats.oecd.org/Index.aspx?QueryId=28935>.

StatLink  <https://stat.link/umsb5w>

Box 2.1. Extensive use of training programmes in Finland to upskill jobseekers

Finland makes extensive use of training programmes to upskill jobseekers and equip them with the competences to secure high-quality employment. In 2020, the country spent more than half (51%) of its ALMP expenditures (categories 2-7) on training measures, making it one of the OECD countries that focuses most on training (OECD, 2023_[10]). Korea could build on the insights from Finland's rich offer of training programmes to consider the extension of the types of training that are currently available in Korea.

The two most common types of training programmes in Finland are labour market training and self-motivated training. While the former are short-term training programmes, typically with a direct link to skill needs in the local labour market, the latter allow for in-depth long-term training, mostly as degree studies in the regular education system, and simultaneously receiving unemployment benefits for up to two years, facilitating more profound career changes (OECD, 2023_[11]). Offering both types of programmes, Finland builds a comprehensive training ecosystem that caters to a large spectrum of learning needs. In both cases, jobseekers continue to receive unemployment benefits during the training periods.

The offer of labour market training programmes is guided by forecasts on local labour market needs, aiming to ensure that the programmes provide the skills that are most needed by employers. These forecasts are produced by regional development centres (so-called "Centres for Economic Development, Transport and the Environment), which co-operate with other local stakeholders to make the forecasts as accurate as possible. They produce occupational barometers which identify occupations with risks of labour market shortages, and use these insights to help the PES plan labour market training. For self-motivated training, such guidance is currently not in place, but jobseekers are only admitted to self-motivated training if the PES deems the course content advantageous for their prospects in the labour market (OECD, 2023_[11]).

As of 2022, there were on average of close to 20 000 participants in labour market training, and 30 000 in self-motivated training at any point in time, making training programmes the most widespread ALMP in terms of participants in Finland. Jobseekers are encouraged to initiate the application process for training themselves, even though their participation has to be validated by the PES.

Both types of programmes have proven to contribute to better labour market outcomes. They both have positive long-term effects on employment, especially for older job seekers and women, and can also have some beneficial effects on labour mobility across occupations (OECD, 2023_[11]).

If Korea chose to pivot its ALMP offer towards a greater emphasis on training, drawing inspiration from countries such as Finland and others with strong investments in training programmes could prove beneficial. The example of Finland can provide valuable insights into effects of prioritising training within ALMPs to address specific skill gaps and enhance the employability of the workforce.

Source: OECD (2023_[10]), "Labour market programmes: expenditure and participants (Edition 2023)", *OECD Employment and Labour Market Statistics* (database), <https://doi.org/10.1787/d5116688-en>; OECD (2023_[11]), *Evaluation of Active Labour Market Policies in Finland*, <https://doi.org/10.1787/115b186e-en>.

One particularity of direct job creation programmes in Korea is that they are largely targeted to older people, often above the normal retirement age of 62 years (see Chapter 4). The so-called "Support for Senior Employment and Social" programmes (노인일자리 및 사회활동 지원), which are typically open to people aged 60+ or 65+, account for about 90% of participants in direct job creation programmes. In 2019, almost 677 000 elderly people took part in this type of programmes, out of a total of 11.4 million Koreans

aged 60 and over and comparing to a total of just above 766 000 participants in any type of direct job creation programme.

The widespread use of these programmes to connect people just below or over retirement age is an unusual approach in OECD countries (see Chapter 4). It can be viewed as a way of mobilising older workers against the backdrop of very rapid population ageing, but they are also in place because many older people have no or low pensions and face the risk of old-age poverty if they do not work (OECD, 2021^[4]). In contrast to programmes targeted at younger jobseekers, the primary objective of direct job creation programmes for people in retirement age is not to prepare them for an unsubsidised position in the private labour market, but rather to secure old-age income while enhancing an active retirement.

Many types of positions exist under direct job creation programmes for older people, ranging from jobs promoting the public interest of the local community to security guards and food manufacturing (MOHW, 2023^[12]). Positions labelled as “public interest activities” or “social service activities” are usually open to pensioners aged 65 and older, while placements in “business type activities” can be made from age 60.

2.3.2. Countries with diversified ALMP offers could inspire Korea

Other OECD countries have chosen to rely less heavily on direct job creation programmes than Korea, and to channel more funding to other types of ALMPs. One country that has considerably diversified the composition of its ALMP offer, and which could provide important insights for Korea, is Estonia. While Estonia had a very limited set of ALMPs in the past, with only five programmes in 2005, it has now a very varied ALMP basket with programmes tailored to the needs of many different types of jobseekers (OECD, 2021^[13]). The set of ALMPs that were introduced over the past years put a specific focus on:

- Helping people with health problems, including through work-related rehabilitation, sheltered employment and peer-counselling.
- Training measures for low-skilled workers, as well as training tailored to the needs of employers whose workforce lacks skills.
- More intensive measures in economically weak regions.

By contrast, Estonia ended programmes that did not perform as expected, especially direct work creation programmes, as well as some other ALMPs with very low take-up. In doing so, Estonia aimed to adjust its ALMPs flexibly to labour market needs, taking account of rigorous evidence on what types of programmes work, and for whom.

Korea could benefit from adopting a more diversified approach to ALMPs, moving away from a strong focus on direct job creation to a more balanced ALMP offer, e.g. inspired by Estonia’s experience, with a view to increase the effectiveness of its ALMPs. Such a transition would have to be based on evidence on jobseekers’ needs and the effectiveness of different types of programmes in Korea. This would entail regularly evaluating programme outcomes and taking stock of the views of different types of stakeholders on what kind of programmes are needed most in Korea. A more diversified approach to ALMPs would help ensure that Korea prioritises the ALMPs that have proven to work well and that ALMPs addressing many different types of labour market barriers are available.

2.4. Key institutions involved in the provision of active labour market policies

A variety of stakeholders are involved in implementing ALMPs and associated services like health and social services, leading to a comparatively intricate system of service provision. This section first gives an overview of the key institutions involved in the provision of ALMPs in Korea and then discusses the ALMP system in Korea in terms of centralisation and fragmentation. The section should be seen in conjunction

with Chapter 3, which provides a more in-depth analysis of the structure and functioning of Employment Centres and Employment Welfare Plus Centres.

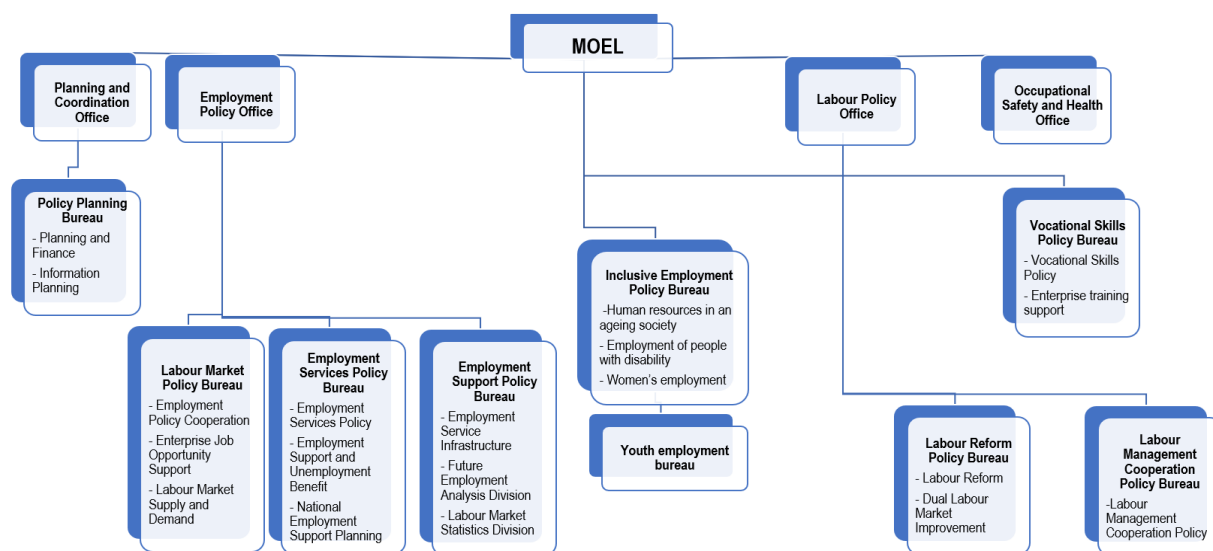
2.4.1. Several key institutions are involved in the provision of active labour market policies in Korea

Korea's **Ministry of Employment and Labour (MOEL)** holds central competence for designing and organising employment policy. The National Government Organisation Act grants it responsibility regarding overall labour market policies, employment insurance, decent working conditions, vocational training, and other labour market related topics (Government of Korea, 2020^[14]). As the leading central institution on labour market related topics, MOEL is in charge of all employment related policies, including employment policies that overlap with working areas of other Ministries, and has the competence to organise co-operation practices on employment issues between all relevant institutions, such as different Ministries, regional governments and the private sector (ILO, 2021^[15]).

MOEL is split into different offices and bureaus, covering all aspects of employment policy (Figure 2.3). Several offices and bureaus are directly responsible for ALMPs, encompassing the design of ALMPs and the co-ordination of their delivery. MOEL's Employment Policy Office (EPO) centrally organises public employment services, and within the EPO, the Employment Services Policy Bureau specifically oversees ALMPs and employment insurance policies. (MOEL, 2021^[16]). Furthermore, the Inclusive Employment Policy Bureau and the Youth Employment bureau are in charge of employment services for groups with labour market vulnerabilities, e.g. older people, people with disabilities, women with career breaks and young people. In addition, the Vocational Skills Policy Bureau is another ALMP-related department, which is in charge of skills and training-related policies.

Figure 2.3. The Ministry of Employment and Labour covers all fields of employment policy

Simplified organisation chart of the Ministry of Employment and Labour (MOEL)



Note: Simplified and partial version of MOEL's organisation chart.

Source: Ministry of Employment and Labour, www.moel.go.kr/english/about/organisation.do.

As Korea's Public Employment Service (PES), **Employment Centres** are the key institutions implementing most ALMPs on behalf of the MOEL (Chapter 3). Employment Centres are directly attached to MOEL's six regional offices (hierarchically higher) and 42 local or branch offices, meaning that they deliver ALMPs in line with national strategies as they are centrally managed and supervised by MOEL. As a result, Employment Centres have a relatively low degree of autonomy vis-à-vis the central government compared to other countries (Lauringson and Lüske, 2021^[17]). While Employment Centres can provide input regarding many central aspects of ALMP provision, actual decisions on these topics are not taken at PES level, but rather by MOEL. This applies for example to the budget for ALMPs, the daily implementation of ALMPs and the co-ordination with other stakeholders (Lauringson and Lüske, 2021^[17]).

The main ALMPs delivered by Employment Centres include employment support (e.g. counselling), training and placement into subsidised employment. Regarding direct job creation programmes, front-line staff at Employment Centres familiarise jobseekers with job programmes posted on the employment information portal *WorkNet* and offer recruiting services under the Corporate Leap Guarantee Package. (MOEL, 2020^[18]). While Employment Centres provide services to jobseekers in general, irrespective of their exact background, other providers (e.g. private providers, municipalities) of ALMPs usually focus on groups with specific characteristics, e.g. in terms of age or women with career breaks.

Since 2014, many Employment Centres have been extended to become **Employment Welfare Plus Centres**, which are one stop-shops offering employment service, social services and microfinance support (ILO, 2021^[15]). In practice, Employment Welfare Plus Centres are Employment Centres which host in addition a small number of staff from other institutions, such as welfare service personnel of local governments or social workers from non-profit organisations (see Chapter 3). The main objective of Employment Welfare Plus Centres is to provide integrated services, with a view to overcome gaps in service provision for people who need both employment and social services, and enhance the efficiency of service provision. The number of Employment Welfare Plus Centres has grown very markedly over the last years, from 10 in 2014 to over 100 in 2021. Today, the majority of Employment Centres are hosted in Employment Welfare Plus Centres.

MOEL outsources the delivery of some ALMPs to **private providers** rather than implementing them via Employment Centres. In total, MOEL outsources ALMPs under 11 employment programmes to private providers, in cases where the expertise of the private sector is particularly beneficial, or when service provision exceeds the capacity of Employment Centres. The most important employment programmes which MOEL outsources to private providers are the following:

- *National Employment Support Programme*. Under this programme, jobseekers with vulnerabilities who do not receive any benefits from Employment insurance or the Basic Livelihood Security Programme, can be eligible for an allowance and tailored employment support, such as training, counselling, and job search support (OECD, 2022^[11]). As of 2023, 492 private providers provide customised employment support services under this programme to jobseekers who are either below or above certain age limits, while Employment Centres are in charge of prime-age jobseekers.
- *Capacity Building Programme for Jobseekers*. As of 2023, 69 private providers offer group counselling and special lectures for jobseekers under this programme.
- *Mental Stability Support Programme*. This programme supports jobseekers in stress management and mental health, aiming to help jobseekers overcome stress caused by unemployment and gain mental stability. As of 2023, 66 private providers offer services under this programme.

Some programmes for specific groups of jobseekers are outsourced to **non-governmental organisations (NGOs), non-profit organisations (NPOs), business associations and trade unions**. All of these organisations must be designated and entrusted by MOEL (and possibly further ministries) to carry out their work. Examples of programmes that are fully outsourced to such organisations are "Tomorrow Job Centres for Middle-aged People" and "New Job Centres for Women". These centres often dispatch some

staff members to Employment Welfare Plus Centres, making it easier for jobseekers to connect with the centres. In the case of “Tomorrow Job Centres for Middle-aged People”, jobseekers aged 40 and above receive employment support tailored to the situation of older jobseekers, including re-employment and start-up support for people approaching retirement age, and help with life-planning, in 31 locations throughout the country. Most of the organisations implementing these centres are associations (e.g. small and medium business associations), Chambers of Commerce, and Korea Labor and Employment Service (MOEL, 2023^[19]). As for “New Job Centres for Women”, they aim to address the labour market difficulties faced by many women by providing a wide range of support, including career interruption prevention programmes and training. In contrast to other programmes, these centres are managed and supervised by the Ministry of Gender Equality and Family, rather than MOEL.

Municipalities/local governments deliver some ALMPs in addition to the AMLPs provided by Employment Centres, private providers and other public providers. While Employment Centres implement most ALMPs, municipalities invest increasingly in ALMPs for disadvantage groups, in many cases direct job creation programmes, and contribute to implementing job creation programmes designed by the central government. (OECD, 2014^[20]) The ALMPs implemented by local governments aim to take specific account of the local labour market context. To this end, local governments develop employment plans tailored to the characteristics of each region and industry, and offer ALMPs in accordance with these plans. In many cases, municipality/local government staff offer their services in Employment Welfare Plus Centres. ALMPs implemented by local governments can encompass different ALMP categories, ranging from direct job creation to training.

The **Korea Employment Information Service (KEIS)** is a government agency that is connected to MOEL and is responsible for collecting, analysing, and disseminating labour market related information and statistics, as well as developing and maintaining digital infrastructure for Employment Centres and MOEL (see Chapter 5). It was established to support policy making by providing accurate and up-to-date information about employment, job trends, and other labour-related data. As such, KEIS plays a key role in carrying out research on ALMPs. It contributes to the performance management of Employment Centres and other ALMP providers, producing the annual “Assessment of Employment Service Quality Indicators” for all Employment Centres and assessing private providers. KEIS evaluates the effectiveness of labour market services and programmes, and provides capacity building, including to private ALMP providers.

2.4.2. The organisational set-up of ALMP provision in Korea ensures streamlined and equitable access to support

Korea’s ALMP system is strongly centralised. Employment Centres are directly managed and supervised by MOEL, ensuring full alignment between ALMP provision and broader national employment policies. Employment Centres implement ALMPs according to MOEL’s guidance, and MOEL allocates budgets to Employment Centres throughout the country and decides on budget for individual programmes. Compared to other countries, the high degree of centralisation implies that the quality of services provided by Employment Centres can be guaranteed evenly across regions while the level of autonomy of Employment Centres vis-à-vis the national government is low (Lauringson and Lüske, 2021^[17]).

Decentralised systems and centralised systems both possess their own advantages. Decentralised systems tend to be better positioned to adapt to local labour market conditions, which can lead to the provision of ALMPs that are more aligned with local needs (Lauringson and Lüske, 2021^[17]). At the same time though, decentralised systems require an excellent accountability system to work effectively, and such system has proved difficult to implement in many OECD countries. Denmark is an example of a country where decentralisation has been comparatively successful, but also led to a relatively costly PES system. In contrast to most other countries, ALMPs in Denmark are implemented by job centres that are managed by municipalities. Municipalities design ALMPs, set operational processes and are in charge of ensuring the delivery of ALMPs, compliant with higher-level ALMP details set in the national legislation. This high

degree of autonomy allows to adjust ALMPs to local needs and adapt them flexibly. One essential factor for the comparatively good performance of employment services in Denmark is their very strong accountability system, and a centralised platform for sharing good practices (OECD, 2021^[21]). However, Denmark has recently set up an expert group to re-organise the ALMP system and reduce its expenditures, which might entail the closure of local employment offices and a move to a more centralised system (Beskæftigelsesministeriet, 2023^[22]). Many other decentralised PES systems have been less successful in delivering effective and accessible employment services. For example, Italy has been struggling in setting up an adequate accountability and co-ordination mechanisms in their decentralised system, making ALMPs not sufficiently accessible across the country (OECD, 2019^[23]).

In contrast, centralised systems offer advantages in ensuring that ALMPs are well integrated with broader national labour market strategies, leading to a more cohesive policy framework. In addition, a centralised approach facilitates the implementation of high-quality services across all regions, thus promoting equitable access to resources and support throughout the country. This allows for streamlined policies, efficient allocation of resources and reduces disparities in service quality and availability across the country. Many OECD countries have been able to put in place centralised PES systems that have been performing well to deliver effective and efficient support to jobseekers and employers, see e.g. Estonia (OECD, 2021^[13]), Germany (OECD, 2021^[24]), Iceland (OECD, 2021^[25]), Lithuania (OECD, 2022^[26]) and Slovenia (OECD, 2021^[27]). Furthermore, the partial devolution of responsibilities to local authorities in Germany in 2012 has been evaluated to have decreased the effectiveness of support to jobseekers, reduced job placements by about 10% and shifted the expenditures from local to national level (Merz and Weber, 2020^[28]).

Korea should ensure that it continues to benefit from the advantages of its centralised system while ensuring sufficient bottom-up insights and flexibility in ALMP implementation. To this end, Korea should ensure the national strategy on ALMP provision and national policies take sufficient account of regional specificities to allow flexibility for tailored ALMPs aligning with local needs. A stronger focus on bottom-up approaches would allow to strengthen existing channels to integrate feedback, insights, and needs from local communities, organisations, and individuals.

2.4.3. A better co-ordination between stakeholders could avoid gaps and overlaps in service provision

Many different institutions are directly or indirectly involved in the provision of ALMPs in Korea, making the system intricate and complex, leading to a relatively fragmented system. In recent years, stakeholders have been increasing their co-operation, most notably through the introduction and expansion of Employment Welfare Plus Centres (see Chapter 3). Nevertheless, there remains a risk of overlaps, redundancies and gaps between the services. Service segmentation, with different government institutions operating employment and social services, has been identified as a major impediment to a more efficient service delivery in Korea (Kil, 2017^[29]). This is especially the case as the service linkage between different types of services in Employment Welfare Plus Centres is sometimes weak (Employment Policy Council, 2023^[7]).

Although staff from different institutions is present at the same location in Employment Welfare Plus Centres, the functional integration of the services provided by the different institutions tends to be limited as staff management, budget, and evaluation systems are largely operated separately for each institution. In practice, the degree of linkage between services depends on the co-operation between stakeholders, especially between the Employment Centre and municipalities, and varies for each local centre.

In addition, there is a lack of knowledge of the exact overlaps between services in the ALMP and social service sectors, as most research focuses on parts of the systems rather than at all services holistically (Kil, 2017^[29]). It will be important to fill this lack of knowledge and take stock of the existing gaps and overlaps in service provision by conducting comprehensive analyses on that matter. Such research would

require the co-operation between Employment Welfare Plus Centre staff, researchers, MOEL, different other Ministries, local municipalities, NGOs and possibly jobseekers, and would rely on detailed data on all available services. While requiring resources, such research is necessary to develop a more integrated and efficient service delivery system.

Many other OECD countries, too, are faced with challenges related to co-ordinating and streamlining ALMPs from different service providers as well as health and social services. In this context, France is currently in the process of re-organising its PES, aiming to ensure that services are provided holistically to jobseekers (Box 2.2). Some aspects of the French reform, including efforts to improve the co-ordination between organisations, can be helpful examples for Korea.

Box 2.2. France: Reorganising the PES to provide holistic support and achieve full employment

An extensive reform of France's PES came into force in January 2024 aiming to reinforce co-operation between service providers

France implemented a major reform of its public employment service, with the objective of contributing to achieving full employment. While unemployment levels are at their lowest in 40 years and labour shortages have started to build up, a large pool of people remains entirely disconnected from the labour market. For example, only one-third of social assistance (*“Revenu de solidarité active”*, RSA) beneficiaries find employment within seven years after entering social assistance (Gouvernement de la République française, 2023^[30]).

Against this backdrop, the newly introduced reform seeks to improve the scope and efficiency of the public employment service. Following extensive consultations with the main stakeholders, the reform, which just renamed the PES *“France Travail”* from *“Pôle Emploi”*, is structured around four main axes (Ministère du Travail, 2023^[31]; Gouvernement de la République française, 2023^[30]):

1. Improving the support to unemployed and inactive people

- Improving outreach to people in need of support.
 - Implement automatic registration with the PES for all social assistance beneficiaries. Currently, only 40% of RSA beneficiaries are registered with the PES.
 - Introduce proactive and informal outreach activities (e.g. outreach at local events etc).
- Accelerating referrals to the institution that is best placed to help.
 - Harmonise referral criteria across organisations.
 - Reduce delays in referrals.
- Organising jobseeker support based on a formalised commitment between jobseekers and the PES
 - Establish “contracts” between jobseekers and the PES (or other institutions), formalising a jobseeker's rights and duties.
 - Provide intensive support when needed, especially for social assistance recipients.
- Overhauling control mechanisms and sanctioning.
 - Introduce a more progressive way of monitoring and sanctioning.
 - In case jobseekers do not comply with their commitments, social assistance payments can be suspended, with the option to make the payments later, when all conditions are fulfilled. During suspension, activation measures continue.
- Extending training possibilities.
 - Develop more training opportunities for jobseekers to acquire basic skills and competences.

- Tailor training to the needs of companies.
- Make training opportunities readily available for groups with specific labour market barriers.
- Strengthen the focus on training programmes preparing for job opportunities in sectors with labour market shortages.

2. Strengthening co-ordination between different institutions

- Creating a well-co-ordinated network of ALMP and support providers, including the central government, regions, municipalities, further public institutions and private stakeholders.
 - The PES (*“France Travail”*) will be tasked with organising the co-ordination and co-operation among institutions.
 - Improve digital systems to allow data sharing across organisations.
 - Align work procedures across institutions.
- Modernising the governance of the support system.
 - Introduce a new “national committee France Travail”, headed by the Minister of Employment, to set strategic objectives.
 - Further committees will exist at the regional level (“regional committee France Travail”), at the level of *départements*, and at the local level.
 - Clearly define the tasks and responsibilities of each stakeholder. Stakeholders commit to certain co-operation principles by signing a “France Travail charter”.

3. Supporting people with disabilities

- Introducing a new support pathway for people with disabilities.
 - Provide people with disabilities to make short internships in different types of professional environments to identify the right type of work environment for them (e.g. standard firm; firm specialised on staff with disabilities; medical and social centres offering professional activities for people with disabilities).

4. Supporting parents with young children

- Attributing responsibility of organising sufficient childcare to municipalities.
- Creating 200 000 new childcare places by 2030 to reduce the barriers to employment for parents.
- Establishing an “early childhood” point in all cities with more than 10 000 inhabitants.
 - provide information to parents looking for childcare.
 - reduce formality requirements to access childcare.

Source: Gouvernement de la République française (2023^[30]), Objectif Plein Emploi – Présentation du Projet de Loi Pour le Plein Emploi; Ministère du Travail (2023^[31]), France Travail, <https://travail-emploi.gouv.fr/emploi-et-insertion/france-travail/>.

2.5. Monitoring and evaluating active labour market policies

In recent years, Korea has put in place a framework of quantitative and qualitative monitoring of ALMPs. According to Korean legislation, the government is required to take measures to foster the effectiveness of the employment programmes that it funds, including by identifying overlapping programmes, evaluating programmes and presenting opinions on potential improvements (Government of Korea, 2009^[32]). Therefore, most government-funded job programmes undergo a monitoring process, which enables policy makers to identify need for change and adjust ALMPs accordingly. In 2023, 222 state-subsidised programmes were monitored, out of a total of 246 subsidised programmes. KEIS plays a key role in the assessments, taking the lead in producing relevant quantitative indicators. In addition, in 2021, the Korean Government set up a Job Programme Evaluation Committee consisting of internal and external experts to ensure that the monitoring exercise is of high quality, and introduced the Employment Programmes Analysis System (EPAS), which allows collecting information on ALMP participants and linking data on programme participants with employment insurance data.

The monitoring of ALMPs follows a multi-step process (Figure 2.1). Every autumn, expert groups conduct on-site monitoring to gather first-hand information and observations directly from the ground. In parallel, satisfaction surveys are submitted to programme participants, aiming to get in-depth feedback on the perceived usefulness of the programmes in improving labour market outcomes.

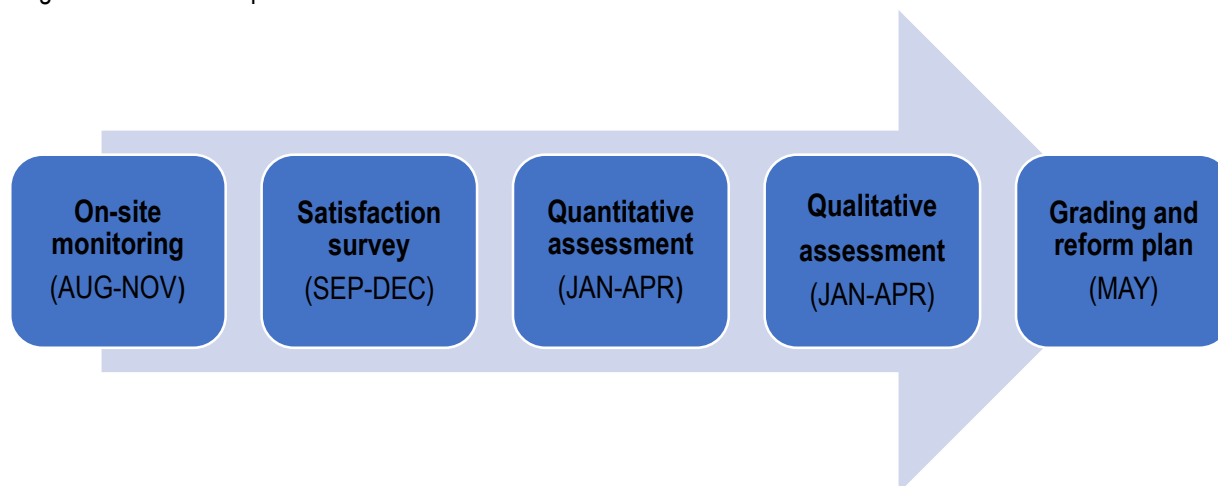
Following this, in the first months of the new year, quantitative and qualitative assessments of the programmes take place. More specifically, for the quantitative assessment, detailed information on participants is collected (only for participants who consent that their personal information is used), including e.g. for how long they have been on government support. This information, which is available via EPAS, stems either directly from the central government department in charge of the programme or is retrieved by linking various systems, such as *HRD-Net* (Human Resources Development Network, a platform to support training provision) and *WorkNet* (the main platform to support service provision to jobseekers and employers). The information is then linked within EPAS to other administrative data to calculate specific outcome indicators. A wide range of outcome indicators can be calculated, depending on the objectives of the specific programme, such as the employment rate after six months, successful completion rates of training or employment stability indicators (KEIS, 2012^[33]).

The qualitative assessment complements the quantitative part of the monitoring by condensing all information gathered via the on-site monitoring visits and satisfaction surveys, as well as feedback stemming from self-assessment reports by the government departments implementing the ALMPs. The qualitative assessment is conducted by the Job Programme Evaluation Committee, which is composed of 4-5 external experts for each programme type, and holds sessions with relevant government departments to understand the details of the programmes.

Based on the outcomes of both the qualitative and the quantitative monitoring, each programme receives one of four grades: 1) Excellent; 2) Good; 3) Improvements Required; 4) Budget Cuts. The final grades are awarded in May each year and influence how much funding the central government allocates for a specific programme in the following year. After the evaluation process, the government establishes a plan to raise the effectiveness of government-funded programmes, comprising analyses of job programme performance, an examination of the advancement of previous reform plans, and future reform needs, including changes to low-performing programmes and the elimination of overlaps between programmes.

Figure 2.4. Programme evaluations follow a well-defined process

Programme evaluation process in 2022/23



Source: Ministry of Employment and Labor (MOEL).

While monitoring is systematic, consisting of on-site visits, satisfaction surveys, quantitative assessments and qualitative assessments, more in-depth evaluations, especially counterfactual impact evaluations (CIEs), are less common. The rich administrative data, which is available via EPAS, the continuous efforts to exchange data between registers for data-driven ALMP design and advancements in digital capacity (see Chapter 5) could be harnessed for more regular CIEs of ALMPs. The OECD has supported several countries in building their analytical and technical capacity to evaluate ALMPs, see OECD (2024^[34]; 2020^[35]). Such evaluations bear ripe opportunities to ensure that the policy mix is effective and cost-effective, complementing the insights gained through monitoring. In particular, they allow to estimate the net effect of participation in a specific programme, i.e. to what extent labour market outcomes are the consequence of participation in an ALMP, and usually include evaluations of short-term, medium-term and possibly long-term impacts of ALMPs, rather than focusing on outcomes a few months after programme participation only.

Korea should build the capacity in KEIS to conduct CIEs and consider channelling additional funds for this purpose. Some OECD countries have taken major steps to enhance their ALMP monitoring and evaluations frameworks, and support ALMP monitoring with rigorous and systematic CIEs, including via randomised controlled trials when feasible, which is considered the gold standard for CIEs. For comprehensive inputs for evidence-informed policy making, evaluation frameworks need to additionally include other types of evaluations, such as process evaluations and cost-benefit analyses (OECD, 2020^[35]).

For instance, Canada has entirely revamped its ALMP evaluation system to carry out high-quality evaluations in a cost-effective way in-house (Box 2.3) (OECD, 2022^[36]). An opposite approach has been taken in Finland, where CIEs of ALMPs are contracted out for objectivity reasons, while the labour authorities have the analytical capacity to successfully outsource CIEs and conduct other types of evaluations (OECD, 2023^[11]).

Digital advancements can be harnessed in Korea to conduct systematic CIEs efficiently. For example, Germany introduced a system called “TrEffeR” (short for “Treatment Effects and Prediction”), enabling quasi-automatic CIEs of ALMPs (European Commission, 2017^[37]). TrEffeR conducts a comprehensive CIE of employment outcomes for participants in ALMPs by applying a “matching” method, which is one of the most widely used methods to conduct CIEs of ALMPs (OECD, 2020^[35]). A control group, consisting of individuals similar to the participants but who did not engage in the ALMP, is established as “statistical twins” to estimate the effects. This matching process involves numerous criteria such as location,

unemployment and benefit status, age, gender, as well as other labour market and other socio-demographic aspects. The causal effect of participation is estimated as the difference between labour market outcomes of participants and their matched “statistical twins.” TrEffeR also enables sub-group analyses, estimating effects for specific types of ALMP participants or specific regions. The functioning of TrEffeR relies on rich data on jobseekers, which is systematically collected and stored (OECD, 2022^[38]; European Commission, 2017^[37]). Overall, the implementation of TrEffeR was inexpensive for Germany, because the IT system, data and human resources it requires were already in place. The insights TrEffeR produces can be used by PES counsellors in their work with clients as well as high-level decision makers to adjust ALMPs in order to ensure their effectiveness. An even further automatised digital tool to evaluate ALMPs has been recently launched in the Estonian PES, see details in Chapter 5.

Box 2.3. Revamping Canada’s evaluation system for active labour market policies

Canada has recently overhauled its way of evaluating ALMPs, aiming to achieve more systematic, more accurate and less costly evaluations (see (OECD, 2022^[36]) for more details). This change came in the context of a general tendency in Canada to make wider use of data to inform policy makers on the efficiency of policies.

Previously, evaluations of ALMPs were outsourced to third parties and relied on surveys. For example, surveys were needed to collect information on the income of ALMP participants and non-participants, their socio-economic details and labour market outcomes. However, outsourcing evaluations was perceived to cause high costs, and the use of survey data bore the risk of making evaluations less accurate and slow.

Therefore, Canada moved gradually towards a system in which ALMPs are evaluated jointly by the federal Ministry – Employment and Social Development Canada (ESDC) – and provinces/territories (except for Quebec) using administrative data. This shift, which was possible due to support within ESDC but also broader support from outside, required significant efforts and investments. For example, parts of ESDC were restructured, allowing the directorate responsible for ALMP evaluations to grow and build internal capacity. Today, three separate teams are involved in the quantitative evaluation of ALMPs: One team ensures the data preparation; a second team focuses on carrying out the impact evaluations, enabling the use of advanced statistical methods; a third team manages the co-operation with provinces/territories. Furthermore, ESDC’s data strategy had to be revisited, and major investments were needed to enable evaluations based on high-quality administrative data. Several administrative data sets had to be linked to create a comprehensive and anonymised data base, the Labour Market Program Data Platform (LMPDP), which comprises all information needed for impact evaluations. For example, LMPDP contains information on ALMP eligibility, ALMP participation, employment income, unemployment benefit receipt, social assistance receipt, socio-economic information, and further relevant data.

ESDC uses the rich data contained in the LMPDP to carry out observational studies (which do not require random assignment to programme participation), using solid and advanced estimation techniques. Instead of analysing solely the effect of individual ALMPs, the studies also allow to evaluate to efficiency and effectiveness of different ALMP packages containing more than one programme. In order to ensure the reliability of the results, the evaluations also include robustness checks and sensitivity analyses. In addition, both internal and external resources are used for quality assurance, allowing to minimise the risk of errors.

ESDC also uses the results of the impact evaluations to carry out cost-benefit analyses.

Source: OECD (2022^[36]), *Assessing Canada’s System of Impact Evaluation of Active Labour Market Policies*, <https://doi.org/10.1787/27dfbd5f-en>.

2.6. Conclusion

Korea's labour market is strong, but faces structural challenges, most notably a deeply enrooted segmentation between regular and non-regular employment, difficulties to achieve compatibility between family life and professional life, and a shrinking labour force amid rapid population ageing. Against this backdrop, ALMPs have a key role to play in enhancing the employability of all groups of jobseekers, facilitating the transitions towards better jobs, and preventing labour market shortages.

While Korea has substantially increased its spending on ALMPs since the beginning of the COVID-19 pandemic, it focuses largely on direct job creation programmes, many of which are targeted towards older jobseekers and people in retirement age. As a result, funding for other types of ALMPs focusing on younger jobseekers is more constrained. The experience of countries with a more diverse mix of ALMPs and a stronger focus on ALMPs other than direct job creation, can provide insights for Korea when designing ALMPs and deciding on budgets for different types of ALMPs in the future, to ensure that the most efficient ALMPs are used and provide support that is in line with labour demand.

The organisation of Korea's ALMP system involves a variety of stakeholders, making the system intricate. MOEL is the central organisation directing overall employment policy and has direct oversight over Employment Centres that deliver most ALMPs, ensuring streamlined and equitable access to services for jobseekers and employers.

However, numerous other stakeholders implement ALMPs, such as private providers, NGOs and local governments. Most Employment Centres now operate as one-stop shops (so-called Employment Welfare Plus Centres), integrating staff from other institutions, and the roles of different institutions and the operation of collaborative programmes are co-ordinated through internal councils such as the Steering Committee of the Employment Welfare Plus Centre. Nevertheless, there can still be overlaps and gaps between ALMPs and related services delivered by different institutions.

Korea has put in place systematic monitoring of ALMPs consisting of qualitative and quantitative elements to assess whether the programmes run smoothly and have an impact. The Korea Employment Information Service (KEIS) holds the leading role in these assessments, which consist of on-site visits, satisfaction surveys and the computation of performance indicators. The systematic monitoring activities need to be complemented with in-depth counterfactual impact evaluations of ALMPs, harnessing the advancements in data availability and digital advancements.

References

- Beskæftigelsesministeriet (2023), *PRESSEMEDDELELSE [Press release: The expert group must come up with proposals for future employment efforts]*, [22]
<https://bm.dk/nyheder/pressemeddelelser/2023/05/ekspertgruppe-skal-komme-med-forslag-til-fremtidens-beskaeftigelsesindsats/>.
- Card, D., J. Kluve and A. Weber (2017), “What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations”, *Journal of the European Economic Association*, Vol. 16/3, pp. 894-931, <https://doi.org/10.1093/jeea/jvx028>. [9]
- Choi, S., S. Shin and Y. Ro (2022), *Work Together and Care Together? An Evaluation of How Children Affect Parents’ Labor Supply in Korea*. [6]
- Employment Policy Council (2023), *Employment Policy Council Report 23.01.27*. [7]
- European Commission (2017), *TrEffeR - Treatment Effects and Prediction*. [37]
- Gouvernement de la République française (2023), *Objectif Plein Emploi - Présentation du Projet de Loi Pour le Plein Emploi*. [30]
- Government of Korea (2020), *National Government Organisation Act, Act No. 17472*. [14]
- Government of Korea (2009), *Framework Act on Employment Policy*, [32]
<https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/41946/98444/F945740104/KOR41946%202021.pdf>.
- ILO (2021), *Employment and Labor Policy in Korea*, https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---safework/documents/policy/wcms_247188.pdf. [15]
- KEIS (2012), *Development and Evaluation of the Public Employment Service in South Korea*, [33]
<https://eng.keis.or.kr/common/proc/eng/bbs/82/fileDownload/28072.do>.
- Kil, H. (2017), *Establishment of an integrated public social service delivery system - Focusing on interpersonal services*. [29]
- Lauringson, A. and M. Lüske (2021), “Institutional set-up of active labour market policy provision in OECD and EU countries: Organisational set-up, regulation and capacity”, *OECD Social, Employment and Migration Working Papers*, No. 262, OECD Publishing, Paris, <https://doi.org/10.1787/9f2c5aa5-en>. [17]
- Mergele, L. and M. Weber (2020), “Public employment services under decentralization: Evidence from a natural experiment”, *Journal of Public Economics*, Vol. 182, [28]
<https://doi.org/10.1016/j.jpubeco.2019.104113>.
- Ministère du Travail (2023), *France Travail*, <https://travail-emploi.gouv.fr/emploi-et-insertion/france-travail/>. [31]
- MOEL (2023), *Middle-aged Tomorrow Center*, [19]
<https://www.moel.go.kr/policy/policyinfo/aged/list5.do>.
- MOEL (2021), *Employment Policy - Pursuing Employment-Friendly Job Policy*, [16]
<https://www.moel.go.kr/english/policy/employment.do>.
- MOEL (2020), *Joint Central-Local Government Guidelines for Direct Jobs Project*. [18]

- MOHW (2023), *Support for the Elderly*, [12]
http://www.mohw.go.kr/react/policy/index.jsp?PAR_MENU_ID=06&MENU_ID=06390201&PAGE=1&topTitle.
- OECD (2024), *OECD-EC project on policy impact evaluation through the use of linked administrative and survey data*, [34]
<https://www.oecd.org/els/emp/impact-evaluation-linked-data.htm>.
- OECD (2023), *Benefit Reforms for Inclusive Societies in Korea: Income Security During Joblessness*, OECD Publishing, [8]
<https://doi.org/10.1787/96b7fd64-en>.
- OECD (2023), *Evaluation of Active Labour Market Policies in Finland*, Connecting People with Jobs, OECD Publishing, Paris, [11]
<https://doi.org/10.1787/115b186e-en>.
- OECD (2023), "Labour market programmes: expenditure and participants (Edition 2023)", *OECD Employment and Labour Market Statistics* (database), [10]
<https://doi.org/10.1787/d5116688-en>
 (accessed on 6 June 2024).
- OECD (2022), *Assessing Canada's System of Impact Evaluation of Active Labour Market Policies*, Connecting People with Jobs, OECD Publishing, Paris, [36]
<https://doi.org/10.1787/27dfbd5f-en>.
- OECD (2022), *Harnessing digitalisation in Public Employment Services to connect people with jobs*, [38]
https://www.oecd.org/els/emp/Harnessing_digitalisation_in_Public_Employment_Services_to_connect_people_with_jobs.pdf.
- OECD (2022), *Impact Evaluation of Vocational Training and Employment Subsidies for the Unemployed in Lithuania. Connecting People with Jobs.*, OECD Publishing, Paris, [26]
<https://doi.org/10.1787/c22d68b3-en>.
- OECD (2022), *OECD Economic Surveys: Korea 2022*, OECD Publishing, [1]
<https://doi.org/10.1787/20bf3d6e-en>.
- OECD (2021), *Improving the Provision of Active Labour Market Policies in Estonia*, OECD Publishing, [13]
<https://doi.org/10.1787/31f72c5b-en>.
- OECD (2021), *Institutional and regulatory set-up of active labour market policy provision in Denmark*, [21]
https://www.oecd.org/els/emp/Denmark_ALMP_Institutional_set-up.pdf.
- OECD (2021), *Institutional and regulatory set-up of active labour market policy provision in Germany - Research note*, [24]
https://www.oecd.org/els/emp/Germany_ALMP_Institutional_set-up.pdf.
- OECD (2021), *Institutional and regulatory set-up of active labour market policy provision in Iceland*, [25]
https://www.oecd.org/els/emp/Iceland_ALMP_Institutional_set-up.pdf.
- OECD (2021), *Institutional and regulatory set-up of active labour market policy provision in Slovenia*, [27]
https://www.oecd.org/els/emp/Slovenia_ALMP_Institutional_set-up.pdf.
- OECD (2021), *Pensions at a Glance 2021: OECD and G20 Indicators*, OECD Publishing, [4]
<https://doi.org/10.1787/ca401ebd-en>.

- OECD (2020), *Ageing and Employment Policies - Statistics on average effective age of labour market exit*, <https://www.oecd.org/employment/emp/average-effective-age-of-labour-market-exit.htm>. [3]
- OECD (2020), *Impact Evaluations Framework for the Spanish Ministry of Labour and Social Economy and Ministry of Inclusion, Social Security and Migrations*, https://www.oecd.org/els/emp/Impact_Evaluations_Framework.pdf. [35]
- OECD (2019), *Strengthening Active Labour Market Policies in Italy*, Connecting People with Jobs, OECD Publishing, Paris, <https://doi.org/10.1787/160a3c28-en>. [23]
- OECD (2014), *Employment and Skills Strategies in Korea, OECD Reviews on Local Job Creation*, OECD Publishing, <https://doi.org/10.1787/9789264216563-en>. [20]
- Social Statistics Bureau (2023), *Economically Active Population Survey in May 2023*. [2]
- United Nations (2023), *Department of Economic and Social Affairs, Population Division, Data Portal*, <https://population.un.org/dataportal/home>. [5]

Note

¹ The OECD average is much higher than the median (14 percentage points against 7 percentage points) because it is drawn upwards by a few countries with very wide gender gaps in employment rates.

3

Employment Centres and Employment Welfare Plus Centres as Korea's main providers of employment services

Marius Lüske, OECD

This chapter discusses the work of Employment Centres as Korea's main Public Employment Services. Employment Centres can operate as delivery points for employment services only, but are increasingly organised as Employment Welfare Plus Centres, which also host staff from other institutions that provide active labour market policies or social services. The chapter examines the structure of Employment Centres and Employment Welfare Plus Centres, depicting how responsibilities are shared between different divisions within the centres. In addition, the chapter discusses how the centres work with jobseekers and other people in need of support. Throughout the chapter, examples of other OECD countries are highlighted that could be inspiring for policy makers in Korea.

3.1. Introduction

Employment Centres and Employment Welfare Plus Centres are the key delivery points providing active labour market policies in Korea. They serve as the main intermediaries between jobseekers and employers, providing a wide range of services and programmes to connect jobseekers with good jobs.

Employment Centres focus on delivering employment-related services and programmes. They are employment offices affiliated to the Ministry of Employment and Labour's (MOEL) regional and local offices, i.e. they are directly managed and supervised by MOEL. Therefore, the services and programmes they deliver are fully aligned with national labour market policies under the responsibility of MOEL.

Employment Welfare Plus Centres are an extension to standard Employment Centres. In addition to a conventional Employment Centre, they also host staff members from other institutions, such as local governments or NGOs, who are responsible for delivering social services or employment services for specific groups. The aim of Employment Welfare Plus Centres is to address unemployment and socio-economic challenges holistically, providing integrated services to jobseekers with both employment and social challenges, and prevent gaps and overlaps in service provision.

Building on the general discussion in Chapter 2, this chapter examines the organisation and resources of Employment Centres and Employment Welfare Plus Centres in more detail (Section 3.2). It then discusses how the centres operate to support jobseekers, people at risk of unemployment and employers (Section 3.3). Throughout the chapter, examples from other OECD countries are included that could inspire policy makers in Korea, considering the strengths and weaknesses of the functioning of Employment Centres/Employment Welfare Plus Centres.

3.2. Organisation and resources of Employment Centres and Employment Welfare Plus Centres

In general, Employment Centres consist of six main divisions: 1) Planning and Co-ordination, 2) Job Placement and Employer Service, 3) National Employment Support Programme, 4) Vocational Training, 5) Regional Co-operation, and 6) Unemployment Benefit (Table 3.1).

Depending on the size of the Employment Centre, the exact structure and responsibilities of the divisions can differ. For example, in larger Employment Centres there can be more than six divisions delivering a wide range of services while in small Employment Centres in sparsely populated areas, some divisions only provide a limited set of services, in particular job placement services and services under the National Employment Support Programme.

Most of the design and strategic planning of ALMP provision takes place centrally at MOEL, but Employment Centres nevertheless have some planning and co-ordination responsibilities, notably to allocate budgets to individual services and measures within the budget categories set by MOEL. While the decision power of Employment Centres in planning and co-ordination ALMPs is limited and must conform with the broader choices by MOEL, this flexibility is crucial for aligning services and measures to reflect regional particularities. Therefore, some decision authority on the implementation and use of specific ALMPs should be maintained at Employment Centre level. It would be worthwhile to initiate an in-depth dialogue between MOEL and senior staff at Employment Centres, aiming to verify that the decision authority currently held by Employment Centres (e.g. on budgets of individual ALMPs, design of ALMPs) corresponds with their responsibilities.

Table 3.1. Divisions in Employment Centres and main responsibilities

Division	Main responsibilities
Planning and Co-ordination	<ul style="list-style-type: none"> • Planning: Developing plans for the public employment service to achieve its goals and objectives effectively. • Resource Allocation: Managing the allocation of financial and human resources to different services and employment programmes based on their impact and priorities, within the boundaries of the decisions by MOEL.
Job Placement and Employer Service	<ul style="list-style-type: none"> • Job Matching: Facilitating the matching of jobseekers with suitable employment opportunities based on their skills, qualifications, and preferences. • Referral to appropriate active labour market programmes (ALMPs). • Employer Engagement: Building and maintaining relationships with employers to understand their hiring needs, workforce requirements, and job vacancies.
National Employment Support Programme	<ul style="list-style-type: none"> • Implementation of the National Employment Support Programme, including training and job search support, especially for prime-aged jobseekers, as jobseekers below and above certain age-limits receive these services from private providers.
Vocational Training	<ul style="list-style-type: none"> • Curriculum Development: Designing and updating vocational training programmes and courses that align with industry needs and workforce demands. • Trainer Selection and Development: Recruiting qualified training providers to ensure high-quality instruction.
Regional Co-operation	<ul style="list-style-type: none"> • Collaborative Initiatives: Facilitating collaboration and joint initiatives between different local employment centres, and with other stakeholders to address common employment and workforce development challenges. • Statistical research and labour surveys
Unemployment Benefit	<ul style="list-style-type: none"> • Eligibility and benefit determination: Reviewing and processing applications to determine the eligibility of individuals for unemployment benefits based on specific criteria, such as work history and reasons for job separation.

Source: Employment Welfare Plus Center (2023^[11]), Introduction of departments and staff, www.work.go.kr/seoul/ctrIntro/deptStaffInfo/deptStaffInfoList.do.

3.2.1. Most Employment Centres have been extended to become Employment Welfare Plus Centres, hosting staff from partner organisations

Since 2014, an increasing number of Employment Centres have been extended to Employment Welfare Plus Centres, i.e. in addition to typical Employment Centre staff they also host staff of other ALMP providers or social service providers, such as local governments or microfinance support agencies. Today, more than 100 of the 174 Employment Centres operate as Employment Welfare-Plus Centres. The participating institutions in Employment Welfare Plus Centres carry out their respective tasks individually but aim to collaborate to solve the problems of individuals facing complex and intricate situations. For such cases, staff of different organisations build so-called case management consultive groups to discuss the support they deliver.

Employment Welfare Plus Centres are structured into employment services, welfare support services and micro finance support (Figure 3.1). Most employment services are provided by Employment Centre staff, who deliver customised employment support, e.g. job counselling and referring jobseekers to ALMPs. Employment Centre staff is available to support all jobseekers, irrespective of age and labour market barriers.

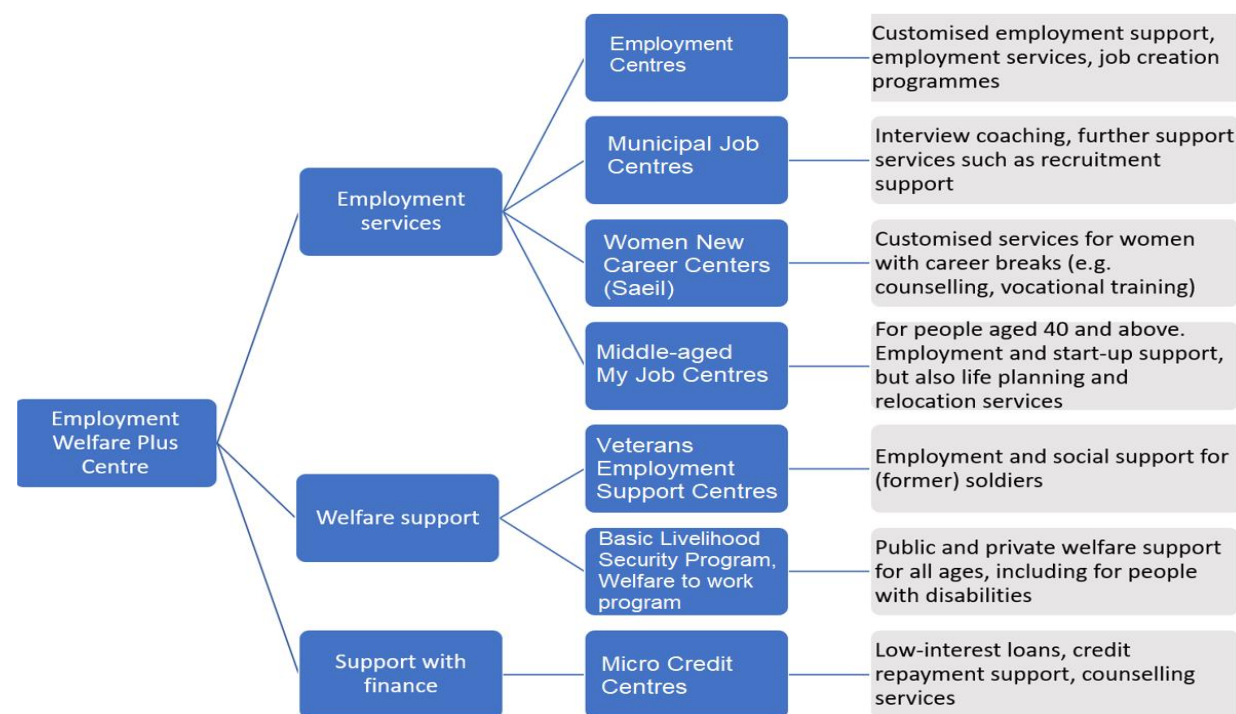
In addition, staff from other organisations, including NGOs, provide services and ALMPs to groups with labour market vulnerabilities. Within Employment Welfare Plus Centres, Centres for women with career

breaks cater services specifically to women who have been out of employment for some time, in many cases mothers who interrupted their careers to take care of their children. Services encompass counselling, vocational training, direct job creation and job retention schemes, and can span the entire jobseeker pathway. For instance, some Centres for women with career breaks start with an in-depth consultation and career type diagnosis of jobseekers, then move on to the specific support (e.g. personal action plan, intensive counselling, mock interviews etc), and finish by post-placement support (SAEIL, 2023^[2]).

Centres for Middle-Aged People provide support to jobseekers over 40, including retirees and (former) business owners. These Centres, in addition to providing a large set of services to enhance employability, put a strong focus on life-long career opportunities, including competency analysis to facilitate professional mobility across sectors (MOEL, 2023^[3]).

Figure 3.1. Structure of Employment Welfare Plus Centres

Employment Welfare Plus Centres extend Employment Centres by adding social service providers



Source: Workplus (2024^[4]), What is the Employment Welfare + Center?, www.workplus.go.kr/intro/about.do.

Welfare support is typically provided by staff from local governments/municipalities. Services include welfare counselling, the possibility to submit applications for public welfare benefits, referral to private welfare services and case management. All types of public welfare benefits can be claimed in Employment Welfare Plus Centres, such as subsistence benefits, housing benefits, medical benefits or education benefits. Welfare support teams also provide vouchers granting access to social services, including activity support for people with disabilities and support for caregivers.

In addition, there is a specific welfare team for current and former soldiers, who transit from a career in the military to the open labour market. The support provided by the Veterans Support Centres includes both welfare support (e.g. application for relocation grants, psychological rehabilitation) and employment-related support (counselling, mock interviews, vocational training, start-up support etc.) (Veterans' Support Centre, 2023^[5]).

Finally, support with personal finances is provided by an Employment and Welfare Plus Centre's "Financial Centre", which typically consists of dispatched staff from non-classified public institutions and NGOs. The Centres provide assistance to people with financial difficulties and low credit ratings. Financial counselling is an important part of the work provided by the Financial Centres, but they also provide low-interest loans to alleviate immediate financial difficulties.

In practice, the alignment between the services provided by Employment Centres and partner organisations remains limited in many cases (Employment Policy Council, 2023^[6]). While some staff from municipalities or NGOs are present in Employment Welfare Plus Centres in addition to Employment Centre staff, each institutions acts independently in terms of staff management, budgetary decisions and monitoring/evaluation, limiting the co-ordination between the different stakeholders (Kil, 2017^[7]). The co-ordination of the services varies across local offices as it depends largely on the personal co-operation between Employment Centre staff and the staff of other organisations. As a result, there can be gaps or duplicates in services, or different services may not fit well together.

Against this backdrop, more systematic and closer co-operation practices within Employment Welfare Plus Centres would contribute to better service provision. Specific guidelines on co-operation in Employment Welfare Plus Centres, which could e.g. be developed by MOEL after consultation with municipalities and partner organisations, could help set a framework for a clearer and more structured approach to co-operation. Such guidelines could include a range of different measures to increase co-operation, such as information and training sessions for Employment Welfare Plus Centre staff from different organisations on in-house co-operation, clear guidelines on co-operations or new co-operative initiatives. Increasing the co-operation between employment and social service providers is a priority in other countries too, and international experience can provide examples of measures that could be adapted to the Korean context to improve co-operation. For example, France introduced a programme called "*Accompagnement Global*" to ensure that employment and social services are fully aligned for jobseekers with multiple vulnerabilities, which could be implemented in the Korean context (Box 3.1). Furthermore, other countries have introduced one-stop-shops with far-reaching co-operation among service providers, where co-operative practices go further than in Korea (see Chapter 4 for an example from Finland).

In addition to limited co-operation practices within Employment Welfare Plus Centres, one difficulty relates to the fact there is limited staff from partner institutions, especially local governments and specialised institutions, putting a barrier to further co-operation and limiting the ability of the Employment Welfare Plus Centre to deliver social and welfare services to all people who are in need of them. This lack of effective service provision of welfare services was especially apparent during the COVID-19 pandemic, when staff from local governments taking care of welfare issues was strongly reduced (Employment Policy Council, 2023^[8]). Going forward, Korean authorities should ensure that staff levels in Employment Welfare Plus Centres include a sufficiently large number of staff from local government and NGOs to enable adequate service provision, facilitate co-operation with Employment Centre staff and prevent gaps, delays, or inadequacies in services.

Box 3.1. Interdisciplinary support teams in France (*Accompagnement Global*)

Accompagnement global is a comprehensive support programme in France aimed at jobseekers with employment-related and social barriers. Employment-related barriers are usually addressed by the PES (France Travail, formerly *Pôle Emploi*) while most social barriers fall into the responsibility of regional governments (*départements*). Historically, the co-operation between the PES and local governments tended to be limited, reducing the scope for integrated support.

To address this issue, *Accompagnement global* was introduced to increase the degree of co-operation between institutions. In this programme, both a PES counsellor and a dedicated social worker provide collaborative and co-ordinated assistance aimed at effectively addressing a range of social and labour market challenges that may impede a person's job search and overall well-being.

The implementation of this programme dates back to 2014, when pilot programmes of the approach were started in several French regions, and has since then been rolled out in the whole country. Teams consisting of a social worker and an employment counsellor were created to provide co-ordinated job-search and social support to social benefit recipients and jobseekers with complex social problems. In 2020, 90 000 jobseekers benefited from such integrated support. In addition, common databases were set up between the PES and social services to improve the information flow between organisations.

Accompagnement global targets jobseekers who face major employment-related and social barriers and have low chances of finding employment if their social challenges persist. In 2020, the most common social barriers were financial problems (75%), housing (52%), health (51%), transportation (49%) and childcare (35%).

Process

Jobseekers who need integrated support are identified either by social services, who are in charge of administering means-tested minimum income, or by France Travail. At the beginning of the programme, which is voluntary for participants, both social services as well as France Travail establish an in-depth diagnosis of the person's employment and social barriers and share it with each other, before organising tripartite meetings together with the jobseeker. Such tripartite meetings are held throughout the programme to jointly discuss a person's progress. The key idea behind *accompagnement global* is to create synergies between the work of social workers and PES counsellors to overcome complex barriers to employment. Considering the intensity of many participants' barriers, the support is time and resource-consuming, requiring a joint strategy between PES counsellors and social workers. To this end, meetings between the social services and PES staff are usually organised once a week to follow up on several jobseekers. While these efforts create costs, they increase the efficiency of service delivery and are considered to be cost-efficient.

Results

While *accompagnement global* should ideally lead to stable employment, there are also other possible positive outcomes, such as enrolment in education and training. As the scheme is voluntary, only few people refuse participation in measures or employment, unless they have valid reasons, such as a deterioration of their health status.

An evaluation of the scheme found that *accompagnement global* increases the share of jobseekers finding stable employment by 27%, compared to a control. The evaluation consisted of a quantitative impact evaluation using a counterfactual evaluation approach with propensity score matching as well as of a qualitative evaluation. In addition, monitoring data for 2020 show that 85% of participants are satisfied with the scheme.

Staffing and financing

In total, 1 000 counsellors are involved in the comprehensive follow-up, of whom 500 are PES counsellors and 500 counsellors from the social services. Fifty percent of the costs of *accompagnement global* are financed through the European Social Fund (ESF), which cover the expenses for social service counsellors. PES counsellors are required to have a permanent contract and must have acquired sufficient experience. At PES local offices, there is in general a dedicated counsellor for this scheme, while this may not be the case at the social services. It may be the case that an individual is followed up by several social service counsellors at the same time (depending on the type of services needed). The caseload is around 70 to 100 jobseekers per counsellor.

In order to get a deeper understanding of the social labour market barriers and the work capacity of the individual and labour market demand, and to better join and build up on different work cultures of the social worker and the PES workers, temporary staff exchanges have been implemented.

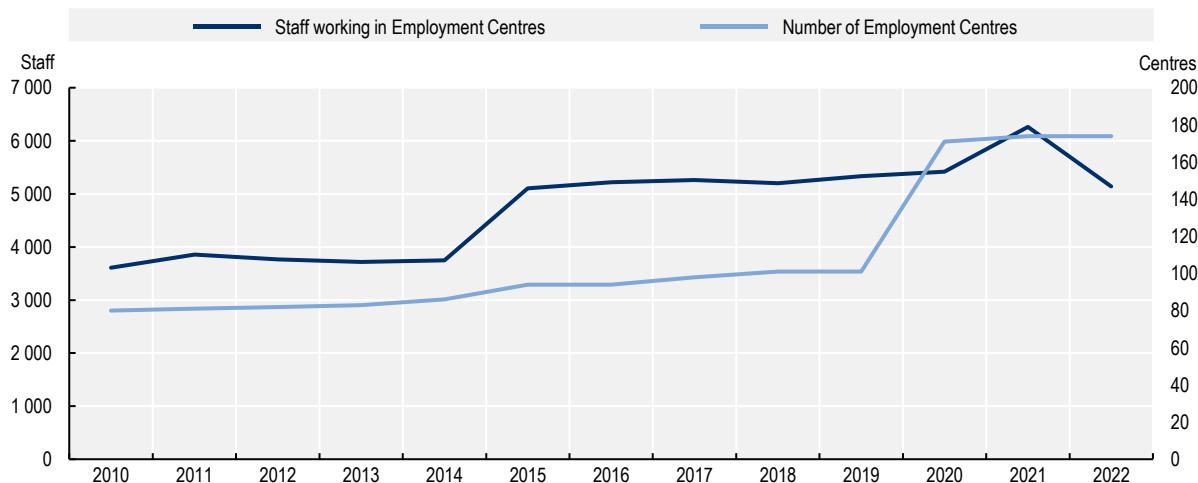
Source: Pôle Emploi (2023^[9]), L'accompagnement global, <https://www.francetravail.fr/region/centre-val-de-loire/candidat/conseils-a-lemploi/accompagnements---prestations/laccompagnement-global.html>.

3.2.2. The number of Employment Centre staff has increased over time, in line with the demand for employment services, but resources of individual centres depend on performance

Over time, the number of Employment Centre staff (including Employment Centres operating as Employment Welfare Plus centres) has increased to meet the growing demand for employment services, and they offer their services in a growing number of Employment Centres (Figure 3.2). In 2023, more than 5 100 people worked in Employment centres, up from 3 800 in 2012. The number of Employment Centres increased too, especially between 2019 and 2020, with 70 new Employment Centres opening in 2020. In terms of size, there were on average 50 employees in each Employment Centre in 2023, and about one-third of them were job counsellors.


Figure 3.2. The number of Employment Centres (including Employment Welfare Plus Centres) staff has increased in line with the growing demand for employment services

Number of staff working in Employment Centres and total number of Employment Centres



Note: Numbers include Employment Centres both that are and that are not operating as Employment Welfare Plus Centres.

Source: Ministry of Employment and Labor (MOEL).

StatLink  <https://stat.link/mdok09>

In line with a growing number of Employment Centres, many of which are operating as Employment Welfare Plus Centres, and more Employment Centre staff, the public expenditure on public employment services has increased. While Korea spent only 0.01% of GDP on placement and related services in 2012, this number rose to 0.06% of GDP by 2021 (OECD, 2023^[10]). Today, Korea's spending on placement and related service, which can be seen as a rough indicator of PES staff levels and service intensity, aligns closely with the OECD average (0.06%), whereas it lagged far behind the cross-country average just a few years ago. Korea's current level of spending on placement and related services appears to strike a balance, sufficiently high to enable adequate service provision, but still leaving leeway for future increases – if needed – in case of a deteriorating labour market. Nevertheless, the limited number of staff in Employment Welfare Plus Centres from partner organisations may be an obstacle to integrated services provision (see 3.2.1)

The allocation of financial resources for the operation of Employment Centres is decided by MOEL and depends on several factors. Firstly, the administrative needs of each centre are carefully assessed to ensure they have the necessary resources to fulfil their responsibilities effectively. Notably, this includes the headcount of the centre, including the number of staff members and their expertise, which is taken into account when allocating funds, as well as the budget execution status from the previous year, helping to gauge the centre's ability to effectively utilise resources.

Furthermore, the performance evaluation of an Employment Centre plays an important role. In recognition of outstanding performance, for example, Employment Centres may receive additional funding. This serves as an incentive for centres to strive for excellence in their services and outcomes. Such a performance-based budgeting approach not only motivates to meet and exceed targets, it also ensures that public funds are used to achieve the greatest impact. Nevertheless, the budgeting process must ensure that all Employment Centres have sufficient funding to operate efficiently, even without additional performance-based add-ups.

During the budgeting process, each Employment Centre is given an opportunity to provide input by submitting details regarding any special needs they may have. This can include different aspects, such as remodelling, leasing, or relocation requirements. These specific needs are carefully reviewed and taken into account when formulating the budget for each year, ensuring that the centres have the necessary support to address local circumstances and operational requirements.

Employment Centre staff benefit from a variety of regular training. Each year, MOEL establishes a training plan detailing the training needs and opportunities for staff members, for both public officials and contractual staff. In 2023, each of the 5 174 staff members working in Employment Centres throughout the country participated, on average, in 2.2 training opportunities, up from 1.4 in 2021. The training must be in line with a staff member's individual "professional development plan" and can include both online and in-person training. The training is takes account of different levels of job duties and is tailored to the job responsibilities and tasks of each staff member, helping them to keep up with rapidly changing employment and social service counselling needs and aiming to strengthen the competencies of the staff. To continuously improve the expertise of the staff, Employment Centres should ensure that advanced training courses, including training on customised counselling techniques, are available to their staff and encourage them to participate regularly in the training.

3.3. Working with jobseekers, people at risk of unemployment and employers

Jobseekers, people at risk of unemployment and employers can receive different types of support at Employment Centres and Employment Welfare Plus Centres. Pursuant to the Employment Insurance Act, Employment Centres are in charge of providing employment information relevant to the hiring process to both jobseekers and employers and assume responsibility for providing vocational guidance, including job

and training advice, job placement assistance and fostering vocational skill development (Government of Korea, 2016^[11]).

3.3.1. Employment Welfare Plus Centres target jobseekers and people in need of social services

In practice, the support of Employment Centres and Employment Welfare Plus Centres mostly focuses on jobseekers in need of employment services, people in need of social services and individuals needing a combination of both. Job counsellors carry out a number of tasks to support them in connecting with the labour market, including the following:

- Job placement, career guidance and employment information provision;
- Vocational skill development, such as consultation on skill development training and referral to skill development training institutions;
- Support on programmes for promoting the livelihood security and employment of jobseekers and the insured of employment insurance;
- Support on programmes necessary for facilitating recruitment by recruiters;
- Other supportive tasks deemed urgently needed for the stability of the local labour market by the Head of Employment Security Office.

Jobseekers contacting Employment Centres and Employment Welfare Plus Centres follow a support path consisting of several steps (Figure 3.3). In an initial interview, Employment Welfare Plus Centre frontline staff determines whether the jobseeker is entitled to and in need of employment services and programmes. If this is not the case, and the person is solely looking for social services, local government staff takes care of the client and determines whether he/she is eligible for welfare benefits or social services provided by the local government.

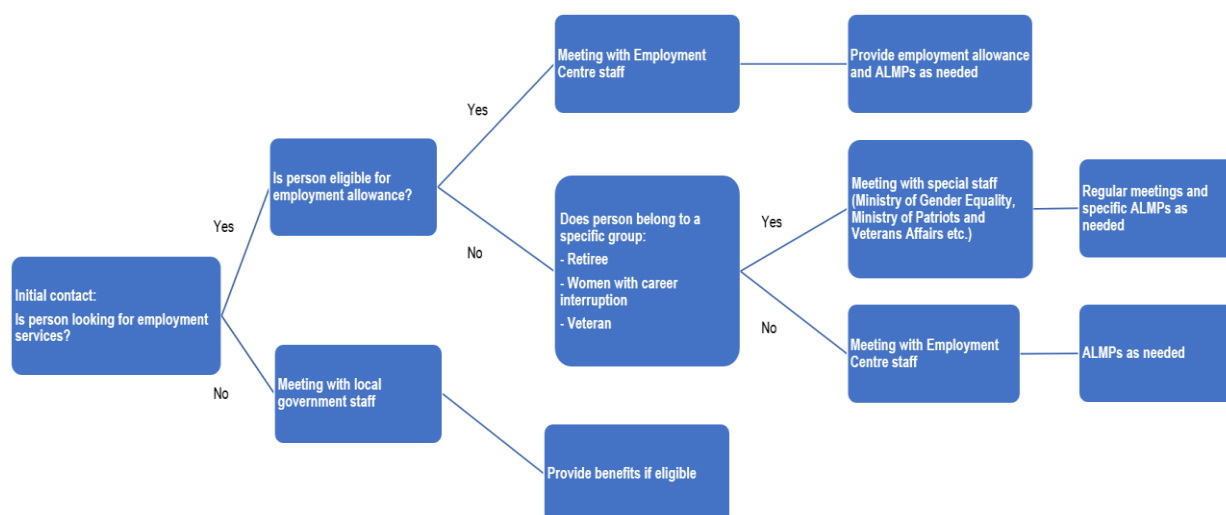
Conversely, if the person needs employment services, Employment Welfare Plus Centre staff verifies as a next step whether the jobseeker meets the eligibility requirements for unemployment insurance. Those who are eligible have further meetings with Employment Centre counsellors, who determine and grant unemployment benefits before referring jobseekers to ALMPs as needed. Jobseekers who do not meet the eligibility requirements for unemployment benefits, too, can get further support from the Employment Centre or partner organisations, depending on their individual circumstances. In case the person is already in retirement age, is a woman with career breaks or a veteran, he/she will have several high-intensity meetings with specialised staff from other institutions, such as the Ministry of Gender Equality, and be referred to ALMPs by them. Conversely, if the jobseeker does not belong to any of those specific categories, he/she has meetings with standard Employment Centre staff and receives ALMPs as needed.

Since 2021, Employment Centres have used an AI tool, called JobCare, to improve the profiling of jobseekers and identify the best ALMPs and possible job opportunities for them (see Chapter 5). JobCare uses the information it retrieves from millions of job postings and CVs and identifies the skills individual jobseekers need to achieve their career goals (OECD, 2023^[12]). The tool summarises the skills jobseekers lack for a specific role, and provides guidelines on how to fill the skill gaps, for example suggesting training. (KEIS, 2023^[13]). In its recommendations, JobCare takes account of the realities of the labour market, suggesting e.g. training for in-demand qualifications and considering the local labour market context. It also informs them what working conditions they can expect, most notably in terms of wages. The AI tool, which was developed by KEIS, is now also open to jobseekers who want to use it independently, and can be accessed via Korea's PES platform WorkNet.

The main ALMPs offered in Employment Centres and Employment Welfare Plus Centres encompass employment services such as counselling, referral to training programmes, direct job creation programmes, services for employers and the services and programmes linked to the National Employment Support Programme (see Chapter 4).

Figure 3.3. Standard jobseeker support process in Employment Welfare Plus Centres

Simplified jobseeker process



Source: Ministry of Employment and Labor (MOEL); Meacham (2019^[14]), One-stop Shop E-government Solution for South-Korean Government Multi-ministry Virtual Employment-Welfare Plus Center System, www.iaria.org/conferences2019/files/ICDS19/SofiaMeacham_ICDS2019_Presentation.pdf.

One major issue was that the staff of the Employment Welfare Plus Centres had to focus on non-face-to-face services during the COVID-19 pandemic, which resulted in constraints on employment service provision. In addition, the long-lasting restrictions brought about by the pandemic limited the face-to-face counselling experience Employment Welfare Plus staff could develop during this period.

Focusing staff training specifically on counselling is worthwhile since the benefits of effective counselling can be extensive, including through a greater likelihood of successful career advancements. Effective counselling training programmes for counsellors should equip them with a wide set of counselling techniques, motivation strategies, ways of identifying people's labour market barriers and the skills to handle challenging situations. Recognising the importance of counselling, other OECD countries have undertaken efforts to make their counselling services as effective as possible. Korea could build on the lessons learnt in other countries and incorporate aspects that have shown to work well elsewhere, such as regular counselling training for counsellors, regular meetings between jobseekers and counsellors, and a high degree of flexibility for counsellors to tailor their counselling services to individual situations (Box 3.2).

Box 3.2. Making full use of counselling services

Counselling services play a central role in the work of Public Employment Services, serving as an important conduit for linking jobseekers with suitable employment opportunities. There is a growing body of research highlighting the importance of the work of counsellors on the time it takes for jobseekers to find employment. For example, among Swiss jobseekers, the effect of missing one meeting with a caseworker is estimated to prolong the period in unemployment by 5% (Schiprowski, 2020^[15]). In addition, evidence from Sweden suggests that there are sizable differences across caseworkers in the way they can support jobseekers, depending on their working strategies and, to a lesser extent, the fit between counsellors and jobseekers (Cederlöf, Söderström and Vikström, 2020^[16]). In terms of working strategies, counsellors engaging in more regular meetings with their clients are found to achieve better results.

OECD countries have undertaken steps to make better use of counselling services. In this context, the COVID-19 pandemic acted as an accelerator, pushing many countries to make changes to their counselling services swiftly. Estonia, for example, implemented blended counselling services aiming to combine the advantages of both face-to-face and remote counselling (European Commission, 2021^[17]). While remote counselling had been possible in Estonia since 2011, its use was limited due to an outdated technical system for e-counselling as well as legal requirements restricting the use of remote counselling in many cases. To address this issue and use the opportunities of remote counselling optimally, the Estonian PES introduced major changes to the delivery of distant counselling services, which had been envisaged and were then implemented in March 2020, ahead of schedule, in response to the COVID-19 pandemic. In order to increase the efficiency of counselling services, more flexibility was introduced in the law in Estonia, giving full discretion to the PES in deciding whether counselling services are delivered face-to-face or remotely, without any restriction. In practice, counsellors can now decide on a case-by-case basis how often specific jobseekers receive counselling, and whether it is delivered in person or via e-counselling. In order to use this flexibility to the best extent possible, counsellors have access to guidelines and online workshops, and receive training on distance counselling. In addition, a new interactive electronic channel was set up, allowing two-way interactions between jobseekers and counsellors, as well as independent job search activities by jobseekers.

3.3.2. *Employment Centres interact with employers, but could go further in their support to them*

In addition to working with jobseekers and employed people at risk of unemployment, Employment Centres and Employment Centre Plus Centres also co-operate with employers. For employers, the Employment Centres have a corporate support team and dedicated counsellors for the newly introduced Corporate Leap Guarantee Package, which are a result of active efforts to go beyond the simple payment of employment subsidies to offer comprehensive HR services needed by companies.

However, up until recently, the work with employers has mainly been limited to referring jobseekers to direct job creation programmes and paying out employment subsidies. Against this backdrop, efforts should continue to work actively with employers and provide them with adequate services, considering that successful job search hinges on the availability of adequate job offers.

Korea could follow the example of other OECD countries that go one step further and offer more comprehensive services to employers. For example, Slovenia is among the countries offering far-reaching services for employers, which have proven successful (Box 3.3).

In Korea, too, a stronger focus on employer services could be possible. Following an in-depth assessment on the needs of employers, in close co-operation with employers facing labour shortages and employer

organisations, MOEL could set up a plan to extend the support of Employment Centres targeted to employers. The experience of Slovenia could provide helpful insights and guidance in this process. For instance, Employment Welfare Plus Centres could start providing assistance with vacancy descriptions to increase the number of jobseekers that are reached, provide help pre-selecting possible candidates and offer post-placement support to maximise the changes that former jobseekers integrate sustainably in their new role. To this end, a sufficient number of staff and financial resources have to be dedicated to services for employers.

Box 3.3. Services for employers in Slovenia

The Slovenian Public Employment Service, Employment Service Slovenia (ESS), provides Human Resource services to employers that are very far-reaching compared to PES in other countries. Human Resource services provided to companies in Slovenia encompass a comprehensive range of support designed to streamline their recruitment and talent management processes (European Commission, 2023^[18]). These services entail expert guidance in various aspects, such as formulating job vacancy descriptions, effectively promoting vacancies through advertising, supporting candidate selection for interviews, facilitating understanding of complicated employment regulations, and providing continuous support in the training and development of the hired workforce. About 20% of counsellors at ESS specialise in working with employers, and labour office offer one-stop-shops for employers (OECD, 2021^[19]).

Employers who post a vacancy with ESS can specify whether they need additional support from ESS. In 2021, this was the case for about two-thirds of employers who posted a vacancy (OECD, 2021^[19]). In this case, an ESS employer counsellor reaches out to the company to develop a tailored support strategy in line with the firm's needs. The support can include a range of services designed to help the company find the most suitable candidates efficiently, such as ensuring high-quality vacancy descriptions attracting the candidates, leveraging various recruitment channels to reach a wider audience, providing pre-screening services to identify fitting profiles or offering post-placement support once a candidate is hired.

Employer counsellors are the key element ensuring that ESS services to employers are successful. They are specifically trained to work with employers, which includes training on building relationships with external stakeholders and negotiation techniques. Aiming to create long-standing relationships based on trust, the employer counsellor attributed to a specific employer does not change (to the extent possible) and employer counsellors have access to a customer relation management (CRM) tool including important information on employers stemming from ESS registers as well as external sources. The CRM tool also help employer counsellor reach out to new employers who might be interested in collaborating with ESS.

3.4. Conclusion

An increasing number of Employment Centres are organised as one-stop-shops, so-called Employment Welfare Plus Centres, hosting also staff from partner organisations providing ALMPs and social services, such as local governments and NGOs. However, despite the presence of staff members from different organisations, the linkage between employment and social services could further be expanded. Employment Welfare Plus Centres do not deliver social and welfare services to all people who are in need of them as staff levels from local governments and specialised institutions are sometimes low. This lack of effective service provision of welfare services was a particular issue during the COVID-19 pandemic, when staff from local governments taking care of welfare issues was strongly reduced.

Reinforced co-operation within Employment Welfare Plus Centres, e.g. through more staff from partner organisations, targeted efforts to co-ordinate the services of different institutions and staff training on integrated service provision could help improve the efficiency of these centres. Furthermore, tailored initiatives involving Employment Centre staff and staff providing social services would contribute to ensuring that the needs of people with multiple barriers, including labour market barriers and social barriers, are met.

Employment Welfare Plus Centres focused on non-face-to-face services during the COVID-19 pandemic, which resulted in limited employment service provision. Systematic staff training on counselling should be continued and a flexible approach to counselling, possibly inspired by other OECD countries, would be instrumental to overcoming this challenge.

The services Employment Centres cater to employers are limited. In practice, Employment Centres mostly work with employers on financial grounds (e.g. providing employment incentives) and provide some recruitment support, but lack systematic working procedures targeted towards employers. The experience of other countries could inspire Korea to extend this area of work.

References

- Cederlöf, J., M. Söderström and J. Vikström (2020), *What Makes a Good Case Worker*, [16]
<https://www.ifau.se/globalassets/pdf/se/2021/wp-2021-9-what-makes-a-good-caseworker.pdf>.
- Employment Policy Council (2023), *Employment Policy Council Report 23.01.27*. [6]
- Employment Policy Council (2023), *Employment Policy Council Report: How to Modernise Employment Services*. [8]
- Employment Welfare Plus Center (2023), *Introduction of departments and staff*, [1]
<http://www.work.go.kr/seoul/ctrlIntro/deptStaffInfo/deptStaffInfoList.do>.
- European Commission (2023), *Promising PES Practice: PES Offices for employers*, Publication Office of the European Union, Luxembourg, [18]
<https://ec.europa.eu/social/BlobServlet?docId=19258&langId=en>.
- European Commission (2021), *Blended employment counselling*, [17]
<https://ec.europa.eu/social/BlobServlet?docId=24837&langId=en>.
- Government of Korea (2016), *Employment Insurance Act*, [11]
https://elaw.klri.re.kr/eng_mobile/viewer.do?hseq=41240&type=sogan&key=6.
- KEIS (2023), *Jobcare User Guide*. [13]
- Kil, H. (2017), *Employment-welfare linkage service improvement plan and institutional supplementary tasks: Focusing on Employment Welfare Plus Centre*. [7]
- Meacham, S. (2019), *One-stop Shop E-government Solution for South-Korean Government Multi-ministry Virtual Employment-Welfare Plus Center System*, [14]
https://www.iaia.org/conferences2019/filesICDS19/SofiaMeacham_ICDS2019_Presentation.pdf.
- MOEL (2023), *Centres for Middle Aged People*, [3]
<http://www.moel.go.kr/policy/policyinfo/aged/list5.do>.
- OECD (2023), "Korea", in *OECD Employment Outlook 2023: Artificial Intelligence and the Labour Market*, OECD Publishing Paris, <https://doi.org/10.1787/262d4383-en>. [12]
- OECD (2023), *OECD data on labour market programmes*, [10]
<https://stats.oecd.org/Index.aspx?DataSetCode=LMPEXP>.
- OECD (2021), *New ways to reach out to employers - research note*, [19]
<https://www.oecd.org/els/emp/Employers.pdf>.
- Pôle Emploi (2023), *L'accompagnement global*, <https://www.francetravail.fr/region/centre-val-de-loire/candidat/conseils-a-lemploi/accompagnements---prestations/laccompagnement-global.html>. [9]
- SAEIL (2023), *SAEIL CENTRES*, <https://saeil.mogef.go.kr/hom/careerLink.do>. [2]

- Schiprowski, A. (2020), “The Role of Caseworkers in Unemployment Insurance: Evidence from Unplanned Absences”, *Journal of Labor Economics*, Vol. 38(4), pp. 1189–1225, <https://doi.org/10.1086/706092>. [15]
- Veterans’ Support Centre (2023), *VNET*, <https://www.vnet.go.kr/VnetIndex.do>. [5]
- Workplus (2024), *What is the Employment Welfare + Center?*, <https://www.workplus.go.kr/intro/about.do>. [4]

4 Active labour market policies for groups with vulnerabilities

Marius Lüske, OECD

Some groups of jobseekers face labour market barriers more often including young people, older jobseekers, people with disabilities and mothers with career breaks, making them more vulnerable to labour market exclusion. All these groups have low employment rates in Korea, often due to a combination of labour market barriers and social barriers. Korea earmarks more than half of its expenditures on active labour market policies (ALMPs) exclusively to these groups. The types of ALMPs that are available for different vulnerable groups vary considerably, and this chapter analyses the support that are available for different types of vulnerable groups. Experience from other OECD countries can be beneficial to extend and diversify the services and programmes that are on offer to help those most in need of support.

4.1. Introduction

Promoting the inclusion of vulnerable groups in the labour market is a policy priority for governments across OECD countries. Vulnerable population groups, which encompass – but are not limited to – individuals with disabilities, the long-term unemployed, youth, and people with care responsibilities, encounter unique and pressing challenges in accessing and sustaining employment.

Recognising and capitalising on the diverse talents and competences of individuals in these groups not only fosters a more inclusive and equitable labour force but also mitigates the risk of labour shortages. From the perspective of jobseekers with vulnerabilities, ensuring their integration or reintegration into the workforce, even after long periods of unemployment or inactivity, is crucial to prevent the gradual erosion of skills which can reinforce existing employment barriers and perpetuate a cycle of exclusion. From an employer’s perspective, fully harnessing the labour potential of vulnerable groups is necessary to ensure a sufficient labour supply, especially against the backdrop of a quickly shrinking working-age population.

This chapter presents and assesses Active Labour Market Policies (ALMPs) for groups with vulnerabilities. It starts by describing some of the groups that face the biggest labour market barriers in Korea (Section 4.2). After that, it assesses ALMPs for vulnerable groups in Korea with a critical eye, aiming to identify areas for improvement, building on the experience of other OECD countries in designing ALMPs for groups with vulnerabilities (Section 4.3). The final section concludes.

4.2. Vulnerable groups in the Korean labour market

In Korea, as in other OECD countries, vulnerable groups of jobseekers are confronted with particular difficulties to secure and retain employment. These employment difficulties lead to a higher risk of dependency on welfare payments and risk exacerbating broader social challenges. In this context, targeted, individualised and comprehensive interventions are needed to make it easier for jobseekers with vulnerabilities to access high-quality job opportunities in line with their needs and abilities (OECD, 2021^[1]).

Among the groups that face specific vulnerabilities in Korea and a high probability of relying on welfare payments are: people with disabilities; young unemployed and inactive people; low educated people; older people; and women with career breaks, many of whom have care responsibilities.

4.2.1. *Young unemployed and inactive people*

Employment levels among young Koreans are low. This poses challenges for Korea as both youth unemployment and inactivity have long-lasting negative impacts, reducing future employment opportunities and increasing the likelihood of unstable career histories at later stages in life.

One of the reasons contributing to poor labour market outcomes among youth is the pronounced mismatch between skills of young people and labour demand (Jones and Beom, 2022^[2]). Many young Koreans prefer to invest massively in formal tertiary education, and then queue for stable jobs in large companies or the public sectors, rather than taking up employment in small and medium-sized enterprises (SMEs). This pattern is linked to the deeply enrooted dualism in Korea’s labour market, with safe and well-paid jobs with public or large private employers, and precarious jobs paying low wages, often in SMEs. Once in precarious employment, the chances of upward mobility towards better paying and more secure jobs are low.

The pronounced dualism in the labour market contributes to a situation where the share of university graduates is highest among all OECD countries, but employment levels are low. At the same time, SMEs struggle to hire workers (OECD, 2022^[3]). Among those young people (15-29 years) who work, more than 40% are non-regular workers, with low earnings and limited access to social protection.

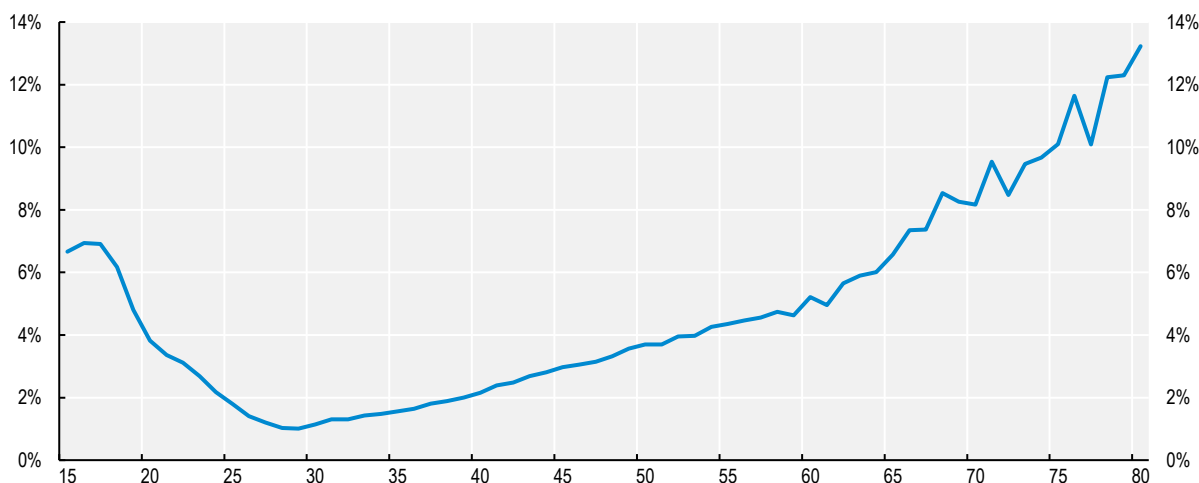
4.2.2. Older jobseekers

Many older people have low incomes, rely on welfare payments and continue to work to supplement their old-age income. Old-age income poverty in Korea is higher than in any other OECD country, concerning 44% of people over 65, and more than half (55%) of people over 75, far above the OECD averages of 13% and 15%, respectively (OECD, 2021^[41]). One of the main reasons for these high figures is the fact that pension entitlements tend to be low, and pension coverage is limited. As a result, Korea is one of only three OECD countries, along with Mexico and Chile, where half of the income of older people comes from work (49% of gross household income), and not pensions (or public transfers) as in most other OECD countries (OECD, 2023^[61])

In line with low old-age income, many older people in Korea rely on social assistance. The share of the population receiving benefits under the basic livelihood security system (BLSS), which is a means-tested targeted last-resort programme for poor citizens, is much higher among older Koreans than among prime-aged people (Figure 4.1). While 2% of 40-year-olds and less than 4% of 50-year-olds receive BLSS benefits, they are 6.5% of 65-year-olds, and 13% of 80-year-olds.

Figure 4.1. Many older people rely on welfare payments

Basic Livelihood Security Recipients by age, as a share of the population, August 2023



Source: Bokjiro (2023^[61]), 기초생활보장 연령별 수급자수(일반) [Number of recipients of basic livelihood security by age (general)], www.bokjiro.go.kr/ssis-tbu/twatqa/sociGuaStat/SociGuaStatDetailframe.do?datsNo=7&datsCI=1012&datsCICrit=WS; United Nations (2023^[71]), Department of Economic and Social Affairs, Population Division, Data Portal, <https://population.un.org/dataportal/home>.

StatLink  <https://stat.link/hmc4qd>

4.2.3. People with disabilities

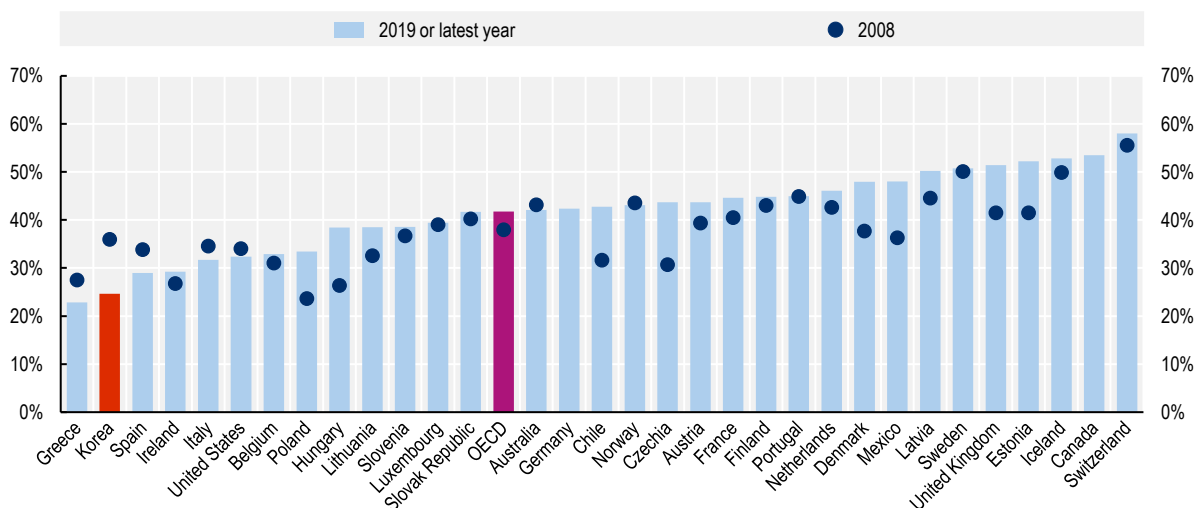
The prevalence of disability is much lower in Korea than in other OECD countries, at 3% of 15-69 year-olds against 16% in the OECD (OECD, 2022^[81]). This remarkably low rate may be due to better health conditions among the Korean working-age population, but is also driven by methodological aspects, especially the exclusion of mental health issues in the Korean data.

However, among Koreans who are known to have disabilities, labour market opportunities are limited and social conditions are difficult. The employment rate of people with disabilities is very low (25% in 2014), far below the OECD average of 42% in 2019, highlighting the labour market barriers linked to disabilities (Figure 4.2). What is more, Korea is one of only few countries in which employment rates among people

with disabilities have fallen since 2008. As a consequence, the average disability poverty gap in Korea (i.e. the gap in poverty rates between people with and without disabilities) stands among the highest within the OECD, hinting to major economic and social challenges (OECD, 2022^[8]).

Figure 4.2. Employment rates among people with disabilities are low

Employment rate of people with disabilities



Note: Data cover persons aged 15-69. Year 2019 or latest refers to 2019 except: 2014 (Korea), 2016 (Mexico), 2017 (Australia, Chile) and 2018 (Belgium, Iceland, Ireland, Italy, the United Kingdom, the United States). OECD is the unweighted average of the 32 countries shown.

Source: OECD (2022^[8]), *Disability, Work and Inclusion: Mainstreaming in All Policies and Practices*, <https://doi.org/10.1787/1eaa5e9c-en> (Figure 2.5, Panel A).

StatLink  <https://stat.link/ue7a49>

4.2.4. Women with career breaks

Women with career breaks are typically mothers who interrupt their career for some time to raise a child. Low employment levels of mothers are a strain to the economy because they reduce labour supply while some sectors are starting to face labour shortages, and to mothers who face hurdles to re-enter the labour market after longer career breaks.

There is evidence that women with children face a motherhood penalty in Korea, reducing the expected wage of mothers compared to women without children by up to almost 10% (Choi, Shin and Ro, 2022^[9]; Ihm, 2010^[10]). A lack of recent work experience, the perception that mothers would be less productive due to their care responsibilities, discrimination by employers, and a preference by mothers for more accommodating jobs even at the expense of lower wages are all among possible reasons for motherhood penalties (Budig and England, 2001^[11]).

4.3. Supporting vulnerable groups

This section discusses and examines ALMPs for groups with vulnerabilities, focusing specifically on the groups discussed in Section 4.2. To this end, the OECD conducted a mapping exercise to classify Korea's ALMPs into different categories: ALMPs that specifically target young people; ALMPs that specifically target older people; ALMPs that specifically target people with disabilities; ALMPs that specifically target mothers with career breaks; ALMPs that target several vulnerable groups or all jobseekers. The mapping

is based on the descriptions of individual ALMPs and aims to provide a rough estimate of the relative importance of different types of ALMPs in Korea. The results of this mapping should not be seen as officially validated data.

According to the mapping, more than half (53%) of ALMP spending in Korea is dedicated to ALMPs that are earmarked to one of the following four groups:

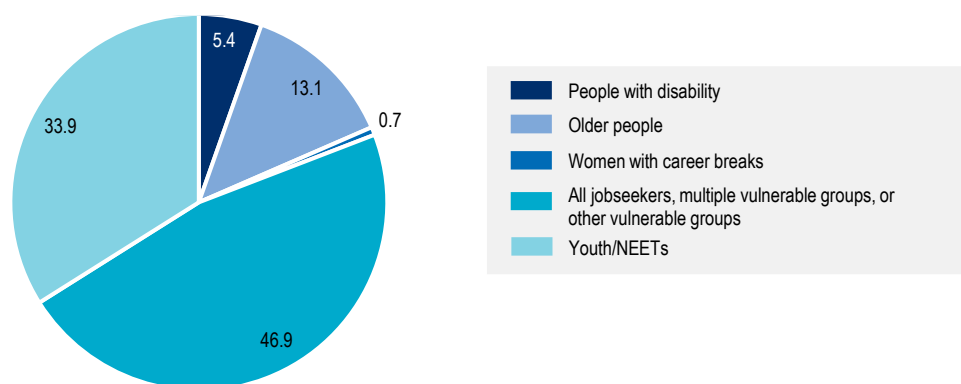
- young people, typically with no or little work experience (34%)
- older people, including people who are already in retirement age (13%)
- people with disabilities (5%)
- mothers with career breaks (1%)

The remainder of ALMP expenditures (43%) is either available to all job seekers, to several vulnerable groups simultaneously, or, less commonly, to other vulnerable groups not listed above, such as former prisoners.

Korea's targeted approach with a strong focus on jobseekers with vulnerabilities is laying the foundation for more equitable access to the labour market, where support is tailored to those who need it most. The approach takes account of the barriers faced by vulnerable groups, highlighting a commitment to more inclusive employment opportunities. Going forward, Korea should continue to ensure that sufficient resources are channelled to ALMPs for the groups that face the largest labour market barriers, as access to tailored and individualised ALMPs is crucial for them to overcome their barriers.

Figure 4.3. More than half of ALMP expenditures is targeted to groups with vulnerabilities in Korea

Active labour market policy (ALMP) spending, by target group, 2021



Source: OECD calculations based on data supplied by the Korean Ministry of Employment and Labor.

StatLink  <https://stat.link/9p24w0>

4.3.1. ALMPs for young people

The composition of the ALMPs that are earmarked to a specific group varies starkly across groups (Figure 4.4). Seventy-one percent of the spending on ALMPs earmarked to young people is used for recruitment incentives, way ahead of other types of ALMPs, such as start-up incentives (15%) and training (12.4%). What is more, recruitment incentives are rarely used for other types of vulnerable groups, so that the vast majority of all spending on employment incentives (64%) is dedicated to ALMPs for youth.

The biggest recruitment incentive programmes for young people include a subsidy programme for SMEs with a high growth potential (고용창출장려금, 중소기업청년추가고용장려금), which can get subsidies covering the full labour costs of one employee if they hire at least three young jobseekers, as well as a big programme led by local governments (지역주도형청년일자리사업 - 지역정착지원형, 민간취업연계형). The latter aims to encourage young people to work in SMEs in rural areas, by paying subsidies to employers, coupled with counselling and training for the candidates.

Not all of the programmes for young people target only jobseekers, but some are also directed towards high-school students to support them pre-emptively while they are still enrolled in school, as for example a programme for current and future high-school graduates who wish to get hired by a SME after high-school (고교 취업연계 장려금 지원 사업). Many of the recruitment incentive programmes for young people encourage work of young people with SMEs, which are largely considered as less attractive in Korea's dual labour market and face labour shortages.

Figure 4.4. Different groups of jobseekers with vulnerabilities have access to different types of ALMPs in Korea

Categories of active labour market policies (ALMPs), depending on target groups, 2021



Note: "All" includes all ALMPs, earmarked or not. NEET: Not in employment, education or training.

Source: OECD calculations based on data supplied by the Korean Ministry of Employment and Labor.

StatLink  <https://stat.link/zh7avf>

Spending on training for young people is much lower than spending on recruitment incentives, with 5% of spending on ALMPs for young people targeted to institutional training, 1% to workplace training and 6.5% on special support for apprenticeship. Among the biggest training programmes for young people are a training programme for high-school students in their final year and college graduates, and a dual work-study programme. However, participant numbers are much lower than for large recruitment incentive programmes.

Against this background, Korea should focus ALMPs targeted to young people more strongly on training, including workplace training, to enhance their employability. Korea can draw on successful experiences of other OECD countries with ALMPs or initiatives targeted at young people that combine training with other support, including work-study programmes. For example, Austria has implemented a so-called "training guarantee" for young people who have difficulties connecting with the labour market (OECD, 2021^[12]).

More specifically, young people up to the age of 25 who aspire to enter the nation's company-based apprenticeship system but face challenges securing a company willing to train them, can turn to the PES for support. After completing a series of initial preparatory courses, they commence their apprenticeships without the need to be employed by a specific company, contrary to what is usually the case for apprenticeships. Participants of the "training guarantee" attend a professional school to cover the theoretical part of their education, just like regular apprentices who are employed by a company. However, unlike the latter, they do not complete the practical part of their apprenticeship in a regular company, but in partner enterprises, educational institutions or vocational schools. The qualifications obtained through both the conventional company-based apprenticeship and the training guarantee pathway are equivalent. Should apprentices who initially began training through the training guarantee subsequently succeed to secure an apprenticeship with a specific company, they retain the option to transition to the standard apprenticeship path.

As of 2020, approximately 7% of all apprentices in Austria were able to start their apprenticeships thanks to the training guarantee (Wieland, 2020^[13]). Among them, 72% of those who completed their apprenticeships passed their final examination and obtained a vocational degree, comparing to 86% in the company-based apprenticeship strand. While Korea does not have an apprenticeship system that is as deeply enrooted as Austria's, the example can nevertheless be an inspiration as to how a sound co-operation between the PES, partner companies and the educational system can help provide tailored support to young people who struggle to enter the labour market by providing training and other support (in this case practical work experience). Importantly, the programme intervenes at a very early stage of participants' professional lives, thus helping to avoid the knock-on effects labour market difficulties have on later career prospects.

While the Korean and the Austrian labour market differ, and Austria has historically a stronger culture of apprenticeships and traineeships, Korea could nevertheless benefit from the insights on the success factors of the Austrian experience, focusing on creating partnerships between the Public Employment Service, educational institutions, and businesses to facilitate access to training and employment opportunities for young people. By adopting a model similar to Austria's "training guarantee", which could be adapted to the specificities of the Korean context, Korea could offer young individuals who face barriers entering the labour market a comprehensive support system that includes theoretical and practical training.

A further example of targeted support for young people, which could serve as an inspiration for Korea amidst its recent shift towards transforming Employment Centres into Employment Welfare Plus Centres as comprehensive one-stop-shops, is Finland's approach. Finland has created one-stop-shops for young people under 30 which provide training and a wide range of other types of support (Box 4.1). They are open to all youth, including marginalised young people with major employment barriers, and go beyond the services youth can receive in Employment Welfare Plus Centres in Korea. Building on this experience, Korea could create dedicated teams that fully focus on services and ALMPs to youth, including legal and financial guidance and housing services, in addition to employment services.

While Korea could benefit from the insights from Austria and Finland to design new or adapt existing ALMPs for youth, it is noteworthy that Korea already possesses a large number of different programmes for young people (Jones and Beom, 2022^[2]). Aiming to avoid overlaps between programmes and prevent confusion among potential participants, Korea should evaluate its ALMPs for youth and streamline the programmes into fewer, highly efficient programmes. This consolidation effort would enable a more focused and coherent approach to youth employment, ensuring that each programme delivers high value and impact.

Box 4.1. Ohjaamo One-Stop-Shops for young people in Finland

Ohjaamo one-stop-shops in Finland have emerged as an innovative and effective approach to supporting young people under 30 in need of help as they progress towards employment, education, and personal development. Ohjaamo offer a combination of training, employment support and other types of assistance, depending on the specific needs of individuals. They are located in around 70 locations all around the country and serve as important resources for Finnish youth, aiming to offer a comprehensive range of services and guidance.

The services of the centres, which are open to young people even without an appointment and without pre-conditions, are tailored to the needs of youth and include the following:

- Education and Career Guidance
- Employment Services
- Social and Health Services
- Housing services
- Legal and Financial Guidance

As such, they host many different staff, including study advisers, vocational guidance psychologists, social workers, job counsellors, physical education counsellors, financial counsellors, and many more.

Initially, from 2014 to 2018, Finland conducted a pilot project to evaluate the effectiveness of Ohjaamo centres. Encouraged by the positive outcomes, this approach has since been fully implemented on a national scale.

One of the key factors of Ohjaamo is their accessibility. They are strategically situated and open to all young people, regardless of their personal background or economic circumstances. This high degree of inclusivity, couple with recreational activities in the centres, encourages young people to enter the centres and benefit from their services. The Ohjaamo model actively engages its young clients in the organisation of these centres, thereby fostering an informal and inviting atmosphere.

In addition, the multidisciplinary approach of Ohjaamo makes the centres attractive. By co-locating a wide range of services, the centres address the multifaceted needs of young people, fostering holistic and comprehensive support.

More specifically, the Ohjaamo centres have four primary objectives in their efforts to enhance young people's access to employment:

- **Enhancing Job Search Skills:** Ohjaamo centres provide counselling services and collaborate closely with educational institutions and public employment services at both the national and local levels. They are the initial point of contact for young jobseekers, referring them to institutions that provide tailored skill development services. Through these collaborations, Ohjaamo centres can even participate in designing new skills development services, such as training programmes, customised to the specific needs of young individuals.
- **Bridging the Gap between Young Jobseekers and Employers:** Ohjaamo Centres organise recruitment events that offer job search support services and facilitate connections between young jobseekers and potential employers. In addition to direct engagement with employers, Ohjaamo Centres can establish partnerships with recruitment agencies that have an existing pool of employers and job vacancies. This widens the spectrum of job opportunities available to young people, including short-term contracts enabling them to showcase their skills.
- **Creating Employment Opportunities and New Job Openings:** Ohjaamo Centres have the capability to directly offer summer jobs to young individuals. They can also assist them in gaining

experience using municipal funding and hiring grants. Furthermore, one-stop shops proactively promote job creation by presenting young people with opportunities that may not have been publicly advertised or encouraging them to submit unsolicited job applications.

- **Enhancing Employers' Capacity to Generate Job Opportunities:** In some instances, the shortage of job opportunities for young people can be attributed to employers. Ohjaamo centres support employers in boosting their capacity to provide jobs to young individuals. This may involve assisting them in fine-tuning their communication strategies to effectively engage with and reach out to young jobseekers.

Source: Dromundo, Lüske and Tuccio (2023^[14]), Innovative approaches to tackle long-term unemployment, <https://doi.org/10.1787/e1f7e16e-en>; Pitkänen and Kesä (2018^[15]), The methods of promoting youth employment at the One-Stop Guidance Centers, in One-Stop Guidance Center (Ohjaamo) – Ready to offer multi-agency services for the young; OECD (2021^[12]), Improving the Provision of Active Labour Market Policies in Estonia, <https://doi.org/10.1787/31f72c5b-en>; City of Tampere (2023^[16]), Ohjaamo One-stop guidance centre, www.tampere.fi/en/organisation/ohjaamo-one-stop-guidance-centre.

4.3.2. ALMPs for older workers

The composition of the basket of ALMPs that are earmarked to older jobseekers and older workers in Korea is entirely different to that for young people. The vast majority (98.4%) of spending on ALMPs for older people is dedicated to direct job creation, with the small remainder going to placement services (1.6%). The single most important type of programme for older people, called “Support for Senior Employment and Social Activities” (노인일자리 및 사회활동 지원 - 재능활동형, 재능활동형외사업), has an annual participant inflow of over 821 000 people (in 2021) and accounts for 9.3% of Korea’s entire ALMP spending. It encompasses direct job creation initiatives by a number of different implementing organisations for people aged 60+ or 65+, depending on the exact programme. Implementing organisations can be local governments, the Korean Senior Citizen Association, senior welfare centres and other organisations working with seniors, which hire older workers and supervise their work. The Ministry of Employment and Labour pays subsidies covering parts of the labour cost. Under “Support for Senior Employment and Social Activities” programmes, older workers can hold a variety of positions, ranging from care activities for children to running a small for-profit business or working in a private company.

ALMPs specifically targeting older jobseekers exist in other OECD countries too, but they are less widespread than in Korea. More commonly, older jobseekers participate in ALMPs that are open to all age groups. Typical ALMPs catering to the needs of older jobseekers include wage subsidies, direct job creation programmes and training. According to a survey among European countries, PES frequently consider wage subsidies and start-up incentives to be effective approaches to assist older jobseekers (European Network of Public Employment Services, 2019^[17]). A recent meta-analysis of ALMPs for unemployed people aged 50+ in different OECD countries indicates that the effects on job chances vary across type of policy. While training programmes, either alone or coupled with job search assistance and counselling, are found to have a significant positive effect on labour market outcomes, direct job creation programmes negatively affect the probability of older jobseekers to enter employment later on (Orfao and Malo, 2023^[18]).

To enhance the effectiveness of its ALMPs for older people, Korea could consider strategic shifts inspired by international best practices. Notably, Korea could envisage transitioning from primarily direct job creation towards more comprehensive skill development and retraining programmes for older workers, including approaches to increase digital literacy and update outdated skill sets. This could include training programmes, and combinations of direct job creation with training. Emphasising lifelong learning and upskilling can help older workers stay in-demand in the labour market (OECD, 2023^[19]).

Korea stands out among countries not only by channelling a large share of its ALMP expenditures specifically to older jobseekers, but also by focusing on people just below or even above retirement age. In most other countries, programmes for older jobseekers are open to people aged 50+ or 55+, rather than 60+ or 65+, as is the case for some of the major programmes in Korea. In this context, it will be important for Korea to precisely define the primary objectives of its ALMPs for older people, and to evaluate whether the objectives are attained. Typically, the sustained long-term integration in the primary labour market is among the central goals of most ALMPs, but this objective is unlikely to be realistic for participants in retirement age. Instead, other objectives can play a bigger role, such as preventing old-age poverty against the backdrop of low pension coverage, and contributing to social inclusion of older people.

In Ireland, many of the participants in its biggest direct job creation programme, Community Employment, are older jobseekers. The programme has a double objective, aiming on the one hand to activate participants and connect them with stable employment and on the other hand to improve their social inclusion. According to a recent evaluation, the programme performs only moderately well in connecting older participants with employment, much less so than younger age-groups, but there is some evidence that it could improve older participants' social outcomes, including health outcomes (as measured by disability benefit receipt) (OECD/Department of Social Protection, Ireland/EC-JRC, 2024^[20]). In addition to defining the precise objectives of ALMPs for older workers, Korea should implement in-depth evaluations going beyond pure labour effects, but also including social outcomes, to ensure that the large programmes for older individuals achieve their goals. This is also the case for ALMPs for people who are already in retirement age, where the objective might be to increase social integration and prevent poverty rather than achieving a long-term integration in the labour market.

4.3.3. ALMPs for people with disabilities

Korea is among the group of OECD countries in which spending on ALMPs for people with disabilities is relatively low (see Chapter 1). In 2021, Korea spent 0.04% of its GDP on sheltered and supported employment and rehabilitation, against 0.1% on average in the OECD, suggesting that there would be some leeway for more spending if necessary. About two-thirds of OECD countries have relatively limited spending on sheltered and supported employment and rehabilitation, with levels similar or lower to those in Korea, while the remaining third spends much more on this type of support, with up to 0.9% of GDP in Denmark.

Most of the spending on ALMPs for people with disabilities in Korea finances wage subsidies as well as sheltered and supported employment to address the special needs of this group of jobseekers. This type of support includes employment subsidies paid to companies that hire people with disabilities, the provision of special material or devices that might be necessary to accommodate the needs of this group, as well as training tailored to the needs of people with partly severe disabilities. The biggest programmes include a subsidy programme for employers hiring more people with disabilities than required by law (2.9% for private companies and 3.2% for public enterprises), as well as a programme that places and trains people with severe disabilities at the workplace prior to employment.

The ALMPs on offer for people with disabilities in Korea are overall promising and in line with the needs of this group of jobseekers. However, considering the challenging labour market and social situation of many people with disabilities (see 4.2.3), stronger efforts to reach this group could prove worthwhile. Employment Welfare Plus Centres could build up new partnerships with NGOs catering to people with disabilities and actively reach out to them, informing about the services and measures that are available to address labour market barriers and social difficulties.

In addition, Korea could take steps to reinforce work accommodation, including graded work (part-time sick leave) for people who worked but left their job due to sickness or disability. A high degree of work accommodation (which can be a change in work task, teleworking or other measures to accommodate a person with a disability) is a very effective tool to increase returns to work, and usually does not involve

high costs. Therefore, Korea should ensure that work accommodations are widely accessible. This can be achieved, for example, by establishing legal rights to flexible work schedules for people with disabilities, part-time employment, or the option to work remotely (OECD, 2023^[21]).

4.3.4. ALMPs for women with career breaks

The basket of ALMPs earmarked to women with career breaks is more balanced than for other groups with vulnerabilities. More specifically, 39% of the spending is dedicated to placement and related services, 21% to institutional training, 29% to recruitment incentives and 12% to direct job creation (Figure 4.4). The stronger focus on placement services, which is often less costly than other types of ALMPs, explains why spending on ALMPs for women with career breaks is comparatively low compared to other groups, even though participant numbers are not.

The most widespread placement services for women with career breaks are delivered by the New Job Centres for Women, which provide e.g. job counselling tailored to the specific situation of women with children. As the New Job Centres for Women are supervised by the Ministry of Gender Equality and Family (MGEF), many of the ALMPs for mothers are designed by MGEF rather than MOEL. The balanced ALMP offer for women with career breaks provides good opportunities for women to overcome their employment barriers due to a combination of placement services, institutional training, and recruitment incentives. However, despite this balanced approach, mothers still face significant barriers that hinder their full integration into the workforce. Challenges such as difficulties in re-entering the labour market after longer career breaks persist. Therefore, Korea could assess the need for further support by mothers with career breaks, e.g. using surveys among clients of New Job Centres for Women, and extend to share of funding earmarked to this group of jobseekers, without necessarily the composition of the ALMP offer for women.

4.3.5. Key lessons from other OECD countries to support vulnerable groups

OECD countries have designed a wide range of initiatives tailored to vulnerable groups and the long-term unemployed. These programmes, many of which benefit from years of experience and innovation, can offer valuable insights for Korea to enhance or complement the ALMPs for vulnerable groups that are currently on offer. By harnessing the lessons learned from other countries, it can be possible to identify programmes or parts of programmes that have proven successful elsewhere and adapt them to the Korean context, thereby forging more effective and inclusive pathways to employment and social inclusion.

ALMPs designed to support the labour market inclusion of vulnerable groups with weak attachments to employment often entail a tailored combination of strategies. For example, subsidised employment within the social economy can be a step towards workforce integration but should be complemented with simultaneous training and mentoring efforts to facilitate the long-term integration into the primary labour market (OECD, 2021^[11]). More generally, in order to be as effective as possible, support for vulnerable groups should be provided in an integrated way, addressing multiple employment barriers at the same time, and be well aligned with jobseekers' individual needs (Dromundo, Lüske and Tuccio, 2023^[14]).

For example, Spain introduced an innovative approach to connect jobseekers with vulnerabilities and long-term unemployed people with jobs. This approach, called “Lanzaderas” (“Launching Pads”), is based on a unique combination of community-based support and professional development. Lanzaderas bring together jobseekers with diverse personal backgrounds who build small heterogeneous groups to foster mutual support and collaboration. Lanzaderas are a relatively long programme, lasting typically for six months, which leaves sufficient time for participants to develop a daily routine (i.e. being on time for the activities), create synergies within the group based on mutual trust among participants, and strengthen one's self-esteem (Dromundo, Lüske and Tuccio, 2023^[14]).

Within the Lanzaderas programme, participants benefit from some individual counselling, but mostly from collective support and group activities. Group activities are very varied and include activities to build up

fundamental skills (e.g. team work), job-related specific competencies and interacting with potential employers. These activities are supervised by a job coach, but largely implemented by programme participants themselves to foster their proactivity. They aim to equip participants with essential job search skills, interview techniques, and self-presentation strategies.

What sets Lanzaderas apart is its emphasis on fostering a sense of belonging and empowerment within the groups, helping participants build confidence and resilience and benefiting from the experience of other participants. This innovative approach has proven to be a successful model for addressing unemployment challenges in Spain and has the potential to serve as an inspiration for other countries grappling with similar issues. Due to its success, the programme has been implemented hundreds of times throughout Spain over the last decade, and has been adopted in other European countries as well (Dromundo, Lüske and Tuccio, 2023^[14]).

Spain is far from being the only country with promising approaches to connect vulnerable job seekers with employment. Other countries, such as Austria, have introduced other approaches for vulnerable groups that have turned to perform well and could be a source of inspiration for Korea (Box 4.2)

Box 4.2. Austria involves employers to train vulnerable job seekers directly in companies

Austria's follows a unique approach, called In-placement Foundations, which involves employers in training long-term unemployed individuals, addressing simultaneously both labour shortages and unemployment. Established in the early 2000s, In-placement foundations connect employers facing recruitment challenges with jobseekers who current lack specific job skills but are willing and able to build up such competencies through tailored training. They particularly target vulnerable groups, such as those with low education levels or at high risk of long-term unemployment (Dromundo, Lüske and Tuccio, 2023^[14]; Waldner, 2022^[22]).

In-placement foundations are initiated when a company faces recruitment difficulties and reaches out to the PES, but no suitable candidate is registered with the PES. In such cases, the PES and employers jointly identify vulnerable job seekers who do not fulfil the requirements for the position at the moment, but could acquire the skills and competencies needed. Once identified, the candidate is trained by the employer on a long-term basis directly within the company, and develops skills and competencies in line with the employer's needs.

In-placement foundations are jointly funded by employers, the PES, and provincial governments. For example, in some cases employers cover EUR 500/month and participant, with the rest of the cost stemming from public funding. In-placement foundations are long-term projects, involving the development of an integration concept at the start of the process, identifying suitable candidates, and providing training lasting up to three years (AMS, 2021^[23]).

In-placement foundations are successful. For example, among those who participated in the programme in 2019, more than one-third secured employment right after finishing the programme, and within one year, about two-thirds were employed (BMASK, 2021^[24]).

4.4. Conclusion

Korea dedicates a large share of its ALMP spending to vulnerable groups, reflecting efforts to channel resources to people who are most in need of support. Especially youth, older jobseekers, people with disabilities and mothers with career breaks are among the groups facing substantial labour market barriers.

There is a large ALMP offer for youth and older people, but ALMPs for youth focus largely on employment subsidies and ALMPs targeted to older people on direct job creation programmes. In both cases, channelling more funds towards training would be worthwhile.

The ALMP offer for people with disabilities is in line with their needs, but additional efforts to reach inactive people with disabilities could help improve their persistently challenging situation. Mothers with career breaks have access to a diversified ALMP portfolio, but only a small share of ALMP spending is channelled to this group, suggesting that earmarking more funding to support this group of jobseekers could prove beneficial.

More generally, Korea could benefit from introducing innovative ALMPs to help vulnerable groups of jobseekers that have shown to be effective in other countries, including programmes with a strong involvement of employers as in Austria and approaches relying on strong group dynamics as in Spain.

- OECD (2021), “Building inclusive labour markets: Active labour market policies for the most vulnerable groups”, *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <https://doi.org/10.1787/607662d9-en>. [1]
- OECD (2021), *Improving the Provision of Active Labour Market Policies in Estonia*, OECD Publishing, <https://doi.org/10.1787/31f72c5b-en>. [12]
- OECD (2021), *Pensions at a Glance 2021: OECD and G20 Indicators*, OECD Publishing, <https://doi.org/10.1787/ca401ebd-en>. [4]
- OECD/Department of Social Protection, Ireland/EC-JRC (2024), *Impact Evaluation of Ireland's Active Labour Market Policies*, Connecting People with Jobs, OECD Publishing, Paris/Department of Social Protection, Ireland, Dublin/European Commission, Joint Research Centre, Brussels, <https://doi.org/10.1787/ec67dff2-en>. [20]
- Orfao, G. and M. Malo (2023), *Are active labour market policies effective for the older unemployed? A meta-evaluation*, pp. 617–1637, <https://doi.org/10.1017/S0144686X21001288>. [18]
- Pitkänen, S. and M. Kesä (2018), *The methods of promoting youth employment at the One-Stop Guidance Centers*. [15]
- United Nations (2023), *Department of Economic and Social Affairs, Population Division, Data Portal*, <https://population.un.org/dataportal/home>. [7]
- Waldner, C. (2022), *Presentation: Implacment Foundations*, <https://www.oecd.org/employment/emp/pr%C3%A9sentation-Autriche.pdf>. [22]
- Wieland (2020), *Die Ausbildungsgarantie in Österreich [The training guarantee in Austria]*, https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/Ausbildungsgarantie_Oesterrich.pdf. [13]

5 Digital employment services in Korea

Anne Lauringson, OECD

Digitalisation is an integral part of strategies for public employment services (PES) in Korea. As such, digital channels have become the core of PES to support jobseekers and employers and the digital solutions are innovative, using state-of-the-art technologies. To continue this successful pathway, clearer frameworks and long-term principles could be established to manage risks associated with advanced technologies and to establish systematic evaluation and monitoring of digital solutions. Korea needs also to carefully design the concept of channel management in PES and support the accessibility of digital services to ensure that jobseekers with lower digital skills or other constraints to using digital channels would not be left behind. The future one-stop shop of digital PES services could be further augmented by profiling jobseeker skills and interests, facilitating online training, assisting employers in filling bottleneck vacancies and increasing interactivity and support to users of the digital platform.

5.1. Introduction

This chapter assesses the digital infrastructure to deliver employment services in Korea, focusing above all on the recent advancements and future plans, and providing comparisons and examples from other OECD countries to help Korea further continue its successful pathway of digital transformation. Digital systems in public employment services (PES) have become the key enablers to effectively and efficiently support jobseekers, people at risk of job loss and employers. The digital leap was particularly fast during the COVID-19 pandemic and the positive trend in better digital services has since continued, offering opportunities for mutual learning across PES in OECD countries.

Korea has been one of the OECD countries that has made a particularly impressive progress in public digital services, driven by the Korean Government that aims at the world's best digital government infrastructure relying on interconnected data and integrated platforms and services, offering high value-added evidence and data-based innovative public services for the citizens and businesses. Such high prioritisation of digital public services is likely one of the reasons why Korea is placed on the number one position of the OECD 2023 Digital Government Index, well ahead of other OECD countries. The OECD Digital Government Index benchmarks the efforts made by governments to establish the foundations necessary for a coherent, human-centred digital transformation of the public sector (OECD, 2024^[1]).

Similarly to the public sector in Korea more generally, the progress in the digital transformation of PES has been remarkable. The digital transformation relies on detailed strategies and has resulted on advanced digital services enhanced by Artificial Intelligence (AI). The progress is continuing to further integrate data, platforms and services and better tailor digital services to jobseekers' and employers' needs.

This chapter looks first at the strategies supporting digitalisation in PES (Section 5.2), followed by a discussion on channel management (Section 5.4) and digital tools specific to PES (Section 5.5).

5.2. Digitalisation strategy and resources

Digitalisation is thoroughly embedded in the strategic thinking of employment services in Korea. The high-level vision of digital employment services is addressed by the Ministry of Employment and Labour (MOEL), while the dedicated digitalisation strategy of the Korea Employment Information Service (KEIS) guides the digital developments in further detail. Compared to the other OECD and EU countries, Korea is very advanced in strategic management of PES digitalisation. Only about a quarter of other PES systems have a dedicated digitalisation strategy, another quarter have included some aspects of digitalisation in the general PES strategy and half of the systems do not address the PES digital transformation explicitly in their strategies (Brioscu et al., forthcoming^[2]).

5.2.1. The Ministry of Employment and Labour has established a comprehensive strategy to improve employment services

MOEL has an overarching role to design and govern the provision of active labour market policies (ALMPs). As such, MOEL sets the key objectives for digitalisation within the overall strategy of ALMPs called "The Plan to Improve Employment Services". The current three-year strategy took effect in January 2023 and sets the objective to change the concept of the provision of ALMPs by i) shifting the focus of employment services toward supporting labour market integration of jobseekers, ii) reorganising the system to deliver online and offline employment services, and iii) creating an ecosystem of employment services that responds to changes on the labour market. To achieve this objective, MOEL sets 12 key tasks centred around four areas – support to jobseekers and working poor, services for employers, capacity and service-focus of employment services, and co-operation with private employment services.

Digitalisation of employment services is addressed throughout MOEL's three-year comprehensive strategy. The different aspects of PES digitalisation are most thoroughly discussed in the area of capacity and specialisation of employment services. Under this strategic area, one of the key tasks foresees enhancing digital and online employment services. This task consists of three main elements:

- Establish an online employment centre (*Employment24*) – an integrated portal that allows the users to get information on, apply to and report on different employment services and other ALMPs (e.g. training) and subsidies (e.g. unemployment benefits). The portal should benefit from linking data from different registers, such as the National Tax Service, to decrease the need for additional documents and data from the users and increase user-friendliness. The portal would be supported by an enhanced chatbot to cover all PES services and provide tailored guidance. The AI-based job matching service within the portal will provide further customised job recommendations based on enhanced analysis of the up-to-date data on occupations, training and certifications.
- Advance non-face-to-face employment services through the national job portal *WorkNet*. *WorkNet* will be made more user-friendly and will be used for a higher volume of non-face-to-face counselling than before. The information on vacancies will be exchanged with other job portals to mediate more vacancies. Monitoring wage information will be strengthened for better labour market information. *WorkNet* will be fine-tuned by establishing a systematic process to collect feedback from the end-users.
- Automate simple repetitive tasks, such as payment of various benefits and subsidies to improve efficiency.

The key dimensions concerning digitalisation under the area of capacity and specialisation of employment services, are additionally mentioned under the other three strategic areas as relevant. Regarding support to jobseekers and working poor, the strategy addresses comprehensive digital career management services and online counselling. To improve services to employers and job matching, the strategy discusses the necessary advancements in the digital job matching platform *Worknet* and co-operation with private job portals to exchange vacancies via open Application Programming Interfaces (APIs). To strengthen the co-operation with private employment services, MOEL aims to strengthen data exchange with them (jobseeker data on employment, wages, training, unemployment benefits etc.) and contract out tailored services based on data analysis.

All in all, MOEL's strategy is a comprehensive and concise high-level concept which aims to significantly improve and modernise the PES business model by setting clear objectives, tasks, targets and timelines. MOEL recognises the digital backbone of delivering employment services rightfully as key to ensure effective, efficient and user-friendly services, and thus highlights the main areas for improvement in digitalisation for the future PES in Korea.

5.2.2. The Korea Employment Information Service has developed a dedicated digitalisation strategy

The Korea Employment Information Service (KEIS) needs to support MOEL in implementing the PES strategy, particularly in terms of ensuring the digital resources to deliver employment services. Ensuring the operation and development of the digital infrastructure for PES and private providers is one of the two key tasks of KEIS. Furthermore, even the second key task of KEIS, conducting research and analysis on ALMPs, is highly dependent on the digital infrastructure and data management in PES.

To guide the task concerning digital developments, KEIS launched a five-year strategy called "Mid- to long-term development plan for the next-generation digital employment service platform" in December 2022 (following the previous strategy for 2018-22). In addition to the strategy of MOEL and the digitalisation projects highlighted there, the strategy of KEIS considers the ambitions regarding digitalisation of the Korean Government in its goal setting. The Korean Government aims to implement the world's best digital government infrastructure where all data are interconnected, providing an integrated and customised platform to solve social issues and create new value to the citizens and businesses, and laying the foundation for research and data-based innovations in

public policies. Through advancements in digitalisation, the Korean Government's objectives for 2023-27 also aim to increase the effectiveness of ALMPs (and create jobs), strengthen employment services and customise employment support for youth.

Based on the progress made in the digitalisation of the Korean PES system in the previous years, the strategies of MOEL and the government, as well as best practices from other countries, KEIS strategy outlines a clear strategic vision, objectives, principles and 13 tasks centred around four key areas for the next five years (Box 5.1). The key strategy components focus above all around increasing personalisation of digital employment services to better meet the (changing) needs of the clients, and achieve that by using efficient, user-friendly and innovative digital solutions that incorporate cutting-edge technologies.

Box 5.1. The digital strategy of the Korea Employment Information Service sets a clear vision, objectives and tasks for 2023-27

Key strategic elements in the “Mid- to long-term development plan for the next-generation digital employment service platform”

Vision: Intelligent platform to support employment that guides career choices throughout life for all citizens

Objectives:

- Minimising information gaps on employment services among jobseekers to better support employment opportunities and enhance social inclusion.
- Strengthening the dissemination of labour market information to support career management over lifetime.
- Increasing the utilisation of employment services.

Target principles:

- Providing user-friendly and convenient employment services depending on the customer's age and stage in life.
- Applying the “once-only” principle to data collection from the clients of employment services.
- Providing employment services in different ways so that clients can choose the method that suits them best.
- Making data on jobseekers' employment and services available for private employment services.

Tasks:

- Data-driven employment services: 1) Expand linking data from external registers and strengthen data analysis, 2) Expand the availability of open data 3) Advance data analytics by collaborating with academia and private sector.
- Intelligent, innovative and customised employment services: 4) Introduce proactively customised innovative services for jobseekers, 5) Enhance AI-based recommendation services for jobseekers, 6) Provide customised services for employers, 7) Strengthen “smart” administration of employment services, 8) Introduce digital dossiers and certifications for jobseekers and employers.

- Increased utilisation of multi-platform employment services: 9) Improve the environment for using digital employment services (e.g. improving client-centred user experience), 10) Implement the possibility for the users to access employment services wherever they need (e.g. smart call centre), 11) Pilot and adopt new technologies for the digital platform of employment services.
- The support system for digital employment services: 12) Redesign the work processes in the Employment Centres to support innovation and change, 13) Improve the support system to provide digital employment services (staff training, change management).

The 13 tasks above a further broken down to 35 specific activities, together with detailed timelines and budgets.

Source: KEIS (2022₍₃₎), “차세대 디지털 고용서비스 플랫폼중장기 발전 방안” (“Mid- to long-term development plan for the next-generation digital employment service platform”).

5.3. The digitalisation strategy of the Korea Employment Information Service should define frameworks and long-term principles, while implementing digitalisation should be supported with agile action planning

The digital strategy of KEIS complements well the strategy to improve employment services by MOEL. While MOEL’s strategy includes high-level references to key digital improvement needs intertwined with other fields of improvement, the KEIS strategy covers digitalisation in PES systematically and in detail. The strategy of KEIS covers additional digitalisation needs compared to those in the strategy of MOEL aiming at a more comprehensive plan for work. For example, in addition to the digital platforms directly used in client services (e.g. user interfaces and operational databases), KEIS discusses other key parts of the digital infrastructure like the data warehouse, software for data analytics, the system of data quality management, the solution to make data available for researchers and the use of cloud solutions. In addition, this five-year planning goes into great detail to provide the technical descriptions and frameworks for the activities to reach the vision and strategic objectives (combining the strategic elements with action planning). The planning does not only cover what needs to be done, but to a degree also how the tasks should be carried out. Furthermore, the strategy proposes a monitoring framework, outlining indicators with assigned target levels regarding take-up rates, user numbers, cost and time savings in administration, etc.

KEIS could consider to more clearly separate its long-term strategic concept regarding digitalisation and the more detailed action planning that could be made more agile. The current five-year planning aims to cover both planning dimensions simultaneously, leading to in total 99-page document covering aspects from vision to descriptions close to the detail of technical specifications of different digital tools. The taken approach is related to the waterfall project management concept used in KEIS for digital projects, which is a front-loaded method relying on careful planning and detailed documentation in the initial stages of the projects. Separating the long-term strategy and detailed action planning could enable KEIS to introduce more agility in its project management and modern agile methodologies in digital developments without losing sight on the strategic vision and objectives. In such case, action planning could be updated more frequently, e.g. yearly. While the strategic concept would cover long-term objectives and principles, action planning could be yearly revised to cover the next e.g. three to five years ahead (a rolling action plan). Nevertheless, both parts of planning the digital transformation need to remain fully aligned and even in the same document if the long-term strategy and more agile action planning are clearly distinguished.

A long-term strategy of KEIS could also aim at covering the underlying relevant frameworks and principles more comprehensively than the current document. For example, the current planning does not specifically address system and data security (the latter only indirectly for example in the context of data anonymisation and pseudonymisation processes). The strategy should also consider systematic frameworks to ensure digital tools

have high value-added and user-friendliness, for example involving end-users more systematically in the development process (currently only PES staff involved in the planning and inception phases, but no involvement of jobseekers and employers). The strategy could discuss the chosen development methodologies, aiming at modern agile methods. The strategy should lay the foundation of systematic monitoring of digital developments, as well as evaluating digital tools in terms of their effects to the users and the labour market.

As Korea puts a particular emphasis on enhancing its digital solutions with AI and other cutting-edge technologies, it is particularly important that frameworks are created to manage the associated risks of such tools, e.g. due to ethics, biases, trustworthiness, accountability, transparency, fairness, data protection and system security (Brioscu et al., forthcoming^[2]). For example, the PES of Belgium (Flanders), France, Germany and the Netherlands that are strongly investing in harnessing AI, have also put in place dedicated frameworks to minimise negative effects and risks incurred by digital technology (Pôle Emploi, 2022^[4]; Scheerlinck, 2020^[5]), while some PES use the national regulation, cross-policy guidelines and committees to ensure ethicality of their AI tools (e.g. Australia, Canada, Colombia, Finland, Luxembourg, New Zealand). The PES of Flanders launched the Ethical Board comprising of experts on AI from the PES and external experts and academics in the field of AI and digitalisation. The Ethical Board gives independent and external advice to the PES on AI, profiling and automated decision-making. The ethics and risk management of AI in the PES of Flanders is further ensured by a framework for model risk management and privacy impact assessments (Scheerlinck, 2023^[6]). The PES in the Netherlands has adopted the Ethical Charter and established the Ethical Committee to guide their development of AI tools, has a dedicated team to guide the digital transformation in the PES, and interacts with a dedicated national committee (BIT Review Committee) that advises the government and other public sector institutions on larger digital projects. MOEL and KEIS need to consider whether cross-policy regulations and institutions advising on ethical AI in Korea could be sufficient to ensure an appropriate risk management for the digital solutions in PES, or additional dedicated frameworks need to be still set up.

KEIS and MOEL need to continue co-ordinating tightly also in the future to ensure that their strategies are fully aligned, including regarding the digital transformation of PES. As such, also any additional overarching frameworks to be included in the KEIS digital strategy in the future should be co-ordinated with MOEL as relevant.

5.3.1. The budget for digitalisation has enabled to cover key needs

As MOEL governs the system of employment services, it also needs to ensure the budget for the system, including for its digitalisation. MOEL assess the budget needs in accordance with the strategy (“The Plan to Improve Employment Services”) and negotiates it within the state budget discussions led by the Ministry of Strategy and Finance. KEIS implements digital developments within the provided budget under the supervision of MOEL.

MOEL and KEIS do not find the budget to be among the main challenges in adopting and implementing digital technology, although the budget is considered to be somewhat limited to be able to cover all relevant digitalisation needs. Nevertheless, the budget has been so far sufficient to make a lot of progress over the past years in digitalising the PES system, including harnessing AI technologies (see Section 5.5). Hence, although the labour authorities in Korea feel less confident in having a sufficient digitalisation budget (53% of OECD and EU countries assess that their digitalisation budget for PES is sufficient or even ideal, while 37% along with Korea see some shortcomings, and 11% have serious concerns),¹ their progress in digitalisation does not refer to serious budgeting issues.

KEIS is in charge of implementing PES digitalisation in-house, employing for this task 250 employees, which is thus its biggest strand of work (another 150 employees are in research and analytics, and 50 in administration). Nevertheless, lack of experience and expertise in data analytics and AI technologies is perceived to be a main challenge in adopting new digital solutions, very similarly to the majority of ALMP systems in the OECD and EU countries (62% of countries assess the lack of skills to be the main hurdle in digitalisation, being the most common concern across countries).² The PES system in Finland has addressed this issue by contracting major

digitalisation projects out to private providers with expertise in AI technologies (OECD, 2023^[71]). The PES in Belgium (Flanders) has developed the relevant expertise by prioritising the digital transformation and advanced data analytics in-house, as well as by co-operating other (including private) partners (OECD, 2024^[81]). The PES in Estonia co-operates tightly on data analytics with academia and on new technologies with private IT companies, aiming to improve the relevant skills over time as well (Leinuste, 2021^[91]). Hence, the aim to co-operate with academia and other partners on data analytics and piloting new technologies over time (these are included in the 13 core tasks that KEIS has set to itself), will likely further build the staff skills and capacity in KEIS to and overcome the current constraints to digitalisation.

5.4. Digital services and channel management

Driven by the comprehensive strategic approach to digitalisation, the digital transition has been one of the key dynamics changing the delivery of employment services in Korea over the past years. The Korean labour authorities are making utmost efforts to be at par with the PES in other the OECD countries in digital services. As a result, digitalisation has become an integral part of the PES business model, and all key services for jobseekers and employers are now available digitally in Korea.

5.4.1. Digital services for jobseekers have become widely available in Korea

Services that are commonly available for jobseekers via online platforms in the OECD and EU countries, are also digital in Korea (Table 5.1). Jobseekers can use online channels for such essential activities like registering with and providing information to the PES, looking for and applying for vacancies, creating job application documents, report and manager their participation in ALMPs (receive information on ALMPs, apply to them, choose a provider, provide feedback). The online platforms in Korea assist jobseekers also in career management, although these will be developed to be still more comprehensive in the coming years (as described in the strategy, see also Section 5.5). Many of these functionalities are not simply digit(al)ised, but aim to provide jobseekers with user-friendly and effective support, often using AI technologies.

Table 5.1. All key services for jobseekers can be provided digitally in Korea


Online solutions for jobseekers, people at risk of job loss and citizens in the OECD and EU countries in spring 2023

Functionality	Number of countries having the functionality	Share of responding countries having this functionality	Number of online solutions having the functionality across countries	Share of all online tools for jobseekers having this functionality	Number of online solutions having this functionality in Korea
Provide info for PES on skills, education etc.	39	98%	48	73%	2
Find suitable vacancies	38	95%	46	70%	1
Apply for registration / register with the PES	36	90%	43	65%	1
Create CVs & job application documents	32	80%	34	52%	1
Report job-search activities	31	78%	34	52%	1
Apply for suitable vacancies	29	73%	31	47%	1
Find suitable training options	26	65%	29	44%	1
Apply for services & measures (incl. training)	22	55%	31	47%	2
Provide feedback on ALMPs (satisfaction)	22	55%	25	38%	2
Receive info on ALMPs & their eligibility conditions, incl. via chatbots	21	53%	26	39%	1
Map jobseeker's distance to occupations & gaps in competencies	18	45%	18	27%	1
Analyse suitable career paths based on jobseeker's interests	17	43%	20	30%	1
Test skills	16	40%	16	24%	0

Functionality	Number of countries having the functionality	Share of responding countries having this functionality	Number of online solutions having the functionality across countries	Share of all online tools for jobseekers having this functionality	Number of online solutions having this functionality in Korea
Participate in virtual training	14	35%	14	21%	0
Recommender systems in career services based on analysing expected skills by employers & previous career choices of workers	13	33%	14	21%	1
Choose a provider (training provider, private provider of employment services)	13	33%	13	20%	1

Note: Online solutions exclusively for unemployment benefits are not included. Answers from 40 OECD and EU countries and regions regarding 66 different online platforms for jobseekers, people at risk of job loss and citizens that were operational in spring 2023 or soon to be launched.

Source: OECD questionnaire on digitalisation in Public Employment Services to support the provision of active labour market policies launched in March 2023.

StatLink  <https://stat.link/b2di1s>

In addition, some Employment Centres provide jobseekers an opportunity to conduct virtual mock job interviews to prepare them for the actual job interviews later on. The AI-based mock interview system launched in 2021 converts the answers of jobseekers into text and assesses the interview characteristics, particularly by frequently used words, providing feedback to the jobseeker on which dimensions could be improved. Such feedback helps jobseekers to prepare for actual face-to-face interviews, as well as AI-based job interviews that have been increasingly adopted by larger companies in Korea. In addition, the PES system supports virtual job interviews between jobseekers and employers via their platform, which was introduced as a response to the COVID-19 crises but has stayed relevant even afterwards.

The digital services do not currently offer an opportunity for jobseekers to test their skills (e.g. to have a better understanding for their possible career paths or showcase the skills to employers). Also, virtual training participation is not possible via the online platforms in Korea. Both of these latter functionalities are also less common in the PES in other countries, although are increasingly becoming more popular.

Facilitating access to online training via the PES platform could further help Korea deliver jobseeker services as a one-stop shop aimed at in the strategies of MOEL and KEIS (see also Subsection 5.4.1). For example, the PES in the Netherlands has a long experience in providing online training courses to jobseekers via platform *werk.nl*, both as courses to take by jobseekers independently at their own pace, as well as online training involving a coach, including webinars to improve job search skills (networking, drafting CVs and cover letters, excelling at job interviews) or prepare jobseekers for self-employment. The PES in Dutch-speaking Flanders (Belgium) and French-speaking Wallonia (Belgium) double as training providers and offer a wide range on online courses that can be also taken by the jobseekers in the bilingual capital Brussels. Also in other PES, offering online courses has been used more widely, particularly since social distancing due to the COVID-19 pandemic disrupted face-to-face training provision in 2020 (then 76% of PES in OECD and EU countries moved training online and 70% introduced new online courses, (OECD, 2021_[10])). Also, many online learning platforms made their content then available for the jobseekers registered with PES, including for massive open online courses (MOOCs), and some PES have continued the co-operation with such external providers to some scale.

Understanding jobseeker skills well can contribute to better targeting of training (including online training), more effective job matching and career services, as well as more personalised support to jobseekers overall. For example, the German PES launched the platform *New Plan* in late 2020 relying on three pillars: 1) modular tests on different topics and competencies, 2) tailored suggestions for career changes based on test results and other information (experience of jobseekers with similar profiles), 3) further training opportunities to support career progression. The testing pillar includes different categories depending on the purpose of testing, including quick competency tests each taking a couple of minutes on topics like motivation, desire to learn, self-efficacy, objective-orientation, time-management and decision-making (Bundesagentur für Arbeit, 2022_[11]). The Latvian

PES is looking into developing similar tests, as well as potentially in-depth tests for jobseeker digital skills, to better target training and other support to jobseekers. For Korea, similar tests could be useful to feed into the *Job Care* services and channel management (see more in Subsection 5.4.1).

5.4.2. Digital services for employers focus on job matching

Similarly to the PES systems in other OECD countries, the range of digital services available for employers is slightly more limited than for jobseekers in Korea (Table 5.2). Nevertheless, also employers can conduct most of their interactions with the PES digitally, such as upload and advertise their vacancies, look for employees and exchange any relevant data with the PES. In addition, Employment Centres can facilitate virtual job interviews between employers and jobseekers. Furthermore, also the digital services for employers aim at efficiency and user-friendliness in Korea. For example, since 2019, the digital systems suggest details for the vacancy postings automatically, so that employers do not need to insert information from scratch. Strengthening automatic and user-friendly processes further for employers, such as regarding processing grants for employers, is being currently developed (within the integration of digital platforms to *Employment24*, see Subsection 5.4.1).


Table 5.2. Employers in Korea have a digital channel to advertise their vacancies, look for staff and exchange relevant information with the PES

Online solutions in PES for employers in the OECD and EU countries in spring 2023

Functionality	Number of countries having the functionality	Share of responding countries having this functionality	Number of solutions having the functionality across countries	Share of all tools for employers having this functionality	Number of solutions having the functionality in Korea
Upload & advertise vacancies	39	98%	43	75%	1
Find suitable employees	36	90%	40	70%	1
Design vacancy postings	26	65%	31	54%	0
Share info with PES (on hired jobseekers, filled vacancies)	26	65%	29	51%	1
Apply for measures for employers (employment incentives, staff training etc.)	23	58%	26	46%	0
Share info on using PES measures (wage data for employment incentives etc.)	17	43%	17	30%	1
Receive information & counselling, including via chatbots & conversation bots	11	28%	11	19%	1
Identify vacancies proactively – companies with high recruitment likelihood	6	15%	6	11%	0

Note: Answers from 40 OECD and EU countries and regions regarding 57 different online platforms for employers to support the delivery of active labour market policies that were operational in spring 2023 or soon to be launched.

Source: OECD questionnaire on digitalisation in Public Employment Services to support the provision of active labour market policies launched in March 2023.

StatLink  <https://stat.link/v9bjaz>

To further facilitate matching labour market supply and demand through digital services for employers, Korea could consider developing a digital tool to assist employers in designing job vacancies. The AI-based tool *Action Recruit* launched in 2020 aims to help employers that have difficulties in finding staff by identifying those vacancies that the model predicts difficult to fill, as well as assess the appeal of a vacancy posting (an attractiveness score based on criteria set in the vacancy, local labour market situation etc) (Brioscu et al., forthcoming^[2]). The information generated by the tool helps PES counsellors to reach out to the employers proactively and discuss the solutions to find the right skills quicker (Pôle Emploi, 2023^[12]). In addition, the French

PES has developed an AI-based tool *DUNE/LEGO* to ensure that the vacancies mediated by them are fully compliant with legislation and do not discriminate e.g. by age or gender, so that AI could drop fraudulent vacancies from the job matching platform altogether, and counsellors could reach out to the employers that have issues in their vacancy postings to align these with legislation and validate these vacancies. A similar AI-based tool to identify vacancies with discriminatory elements has been launched also by the Swedish PES in 2023 (Brioscu et al., forthcoming^[21]). Combining tools to improve vacancy postings regarding their compliance with legislation and labour market situation also in Korea would simultaneously help employers find the staff they need, as well as support jobseekers find good quality jobs.

5.4.3. Channel management needs a careful concept, so that no-one is left behind

For higher efficiency and user-friendliness, it is vital to offer digital channels to provide PES services for employers. Employers need to be able to conduct as much of their interactions with PES automatically and digitally (self-services) as possible, decreasing the need to devote PES staff for such standard processes as validating and uploading vacancies or selecting matching jobseekers for vacancies. The digital self-services need to be accompanied by sufficient user support (online resources, chatbots, video calls, phone, in person) to help in case of unexpected errors and anomalies, as well as guide employers with lower digital capacity if needed. A stronger involvement of PES staff is needed to network with employers, solicit employers to use PES services, and provide tailored support – e.g. job crafting, job carving, tailored training (OECD, 2021^[13]). Indeed, the local and regional offices of MOEL recognise the need to intervene face-to-face in case a company has structural challenges to find the staff they need, although the engagement with employers needs to be further strengthened (see Chapter 3).

Achieving the optimal offer of digital self-services to support jobseekers is more complicated, as the same approach does not fit all jobseekers. The core parts of PES support to jobseekers are counselling services that are usually provided throughout the unemployment spell and sometimes even beyond. Counselling services can include different components to help the jobseeker during the labour market integration pathway, such as advice on job search strategy, motivation for job search, identification of needs for additional support, monitor job search efforts etc. Counselling services can have significant positive effects in helping jobseekers to enter employment and not revert to inactivity (Vikström, Söderström and Cederlöf, 2021^[14]; Suárez, Cueto and Mayor, 2014^[15]) and be a cost-effective way to support jobseekers (Card, Kluve and Weber, 2018^[16]). Nevertheless, the effects of counselling are dependent on how these services are delivered (Schiprowski, 2020^[17]; Bolhaar, Ketel and van der Klaauw, 2020^[18]; Huber, Lechner and Mellace, 2017^[19]; Vikström, Söderström and Cederlöf, 2021^[14]; Behncke, Frölich and Lechner, 2010^[20]). Very importantly, the evaluations have shown that digital counselling arrangements have lower positive effects than face-to-face counselling (O’Leary et al., 2021^[21]; Vervliet and Heyma, 2022^[22]), particularly concerning the more vulnerable groups (Schmidt and Mitze, 2023^[23]).

The Korean PES system does not have an explicit concept to guide jobseekers to different service channels. The national level MOEL foresees offering the key services (e.g. registering with the PES, counselling, career guidance) via digital and non-digital channels, leaving the choice entirely up to the jobseekers themselves and leading to some self-selection of vulnerable groups to face-to-face and phone services due to their lower digital skills or limited access to necessary equipment. The local and regional offices of MOEL recognise the need for face-to-face counselling for vulnerable groups more clearly, to facilitate interactions between counsellors and vulnerable jobseekers, create a trustful environment to receive comprehensive and truthful information on jobseekers’ needs, provide in-depth counselling, better customise the services and resolve the more difficult employment barriers these people face. As such, the Employment Centres guide vulnerable groups somewhat more actively to face-to-face services to be able to actively intervene and resolve the more complex employment barriers.

The Korean labour authorities need to develop a concept to manage service channels to jobseekers optimally and homogeneously across Korea, considering the type and objective of the specific services, as well as the target groups. A digital service that is offered complementary to other services, can have positive effects on

jobseekers' labour market outcomes, particularly if the digital service offers added value compared to services with similar objectives offered offline, for example as the digital service can rely on extensive data analytics to provide knowledge-based tailored advice (OECD, 2022^[24]). Thus, such services could be promoted for all groups of jobseekers. This can be the role for example for the existing and planned career management tools in the Korean PES, in case the basic career counselling services remain available both digitally and face-to-face. If the digital channel was to fully substitute the in-person channel, it would save costs for the PES on staff, but potentially lead to increases in other costs for the PES and the society, as well as prevent reaching a more inclusive society.

The concept of channel management in Korea, as well as the PES strategy more generally need to aim at sufficient human resources being available for in-depth counselling, both in terms of the number and qualification of counsellors. Replacing face-to-face channel for a digital only approach would be particularly problematic regarding in-depth support to more vulnerable groups, who need more motivational and encouraging support in addition to addressing their complex employment barriers. The labour market outcomes of these groups can improve if counselling is delivered not only face-to-face, but also by the same counsellors over the unemployment period (assigned case managers) who believe in their clients' chances to integrate to the labour market (Rosholm, Sørensen and Skipper, 2019^[25]). The counsellors need to master the counselling techniques, as well as be able to make the best of digital tools in the PES available to them. Thus, the Korean PES should aim at creating synergies between counsellors and digital solutions, and not view online and offline services entirely in isolation. Counsellors need to access advanced evidence-driven digital solutions to increase synergies between human and artificial intelligence, as well as be trained and supported to use these solutions.

Simultaneously with increasing the availability of digital service channels, the PES in Korea needs to increase the accessibility of such channels. Supporting jobseekers to gain relevant digital skills and access equipment to use digital services, would enable jobseekers to access richer support from the PES, as well as contribute to their job-search possibilities more widely. Strengthened access to digital services is particularly important for services that have low efficiency and value added via face-to-face counselling, such as general job mediation services. Abilities to use the digital channels of PES for job search would potentially further translate to use other digital job search portals. Face-to-face job mediation and placement would be, however, relevant in cases when counsellors need to solicit and support particularly vulnerable people in direct contact with employers.

Accessibility to digital PES services gained particular attention across OECD countries in 2020-21 due to the COVID-19 crises and a sudden need to develop new and adjust the existing digital services (OECD, 2021^[26]). In addition to adjusting (online) training to consider and increase participants' digital skills, PES supported jobseekers with laptops and internet access if needed (e.g. Brussels (Belgium), Canada). To support the digital transition and decrease the digital divide, many PES have further prioritised strengthening digital skills among jobseekers. The Spanish Recovery, Transformation, and Resilience Plan (RRP) was developed in response to the economic and social impact of the COVID-19 pandemic. One of the objectives of this plan is to support digital transformation in accordance with the "National Digital Skills Plan", and it includes several major training programmes to increase digital skills among jobseekers and employed with low digital skills. The Estonian PES prioritises ICT training for any jobseeker lacking in digital skills, and enables the use of digital PES services with the relevant equipment on PES premises (OECD, 2021^[27]). The major ICT training programmes in Greece (aiming to prepare jobseekers for jobs in ICT sector, rather than only providing basic digital skills), have been evaluated to significantly increase participants' employment prospects, earnings and upward occupational mobility (OECD, 2024^[28]). Neglecting jobseeker digital skills, particularly in channel management can negatively affect PES performance and increase long-term unemployment. Australia launched a new jobseeker portal *Workforce Australia* in July 2022, directing jobseekers assessed to be job-ready to this platform rather than face-to-face support. The Australian approach has received critique as employability assessments neglect digital literacy, and many of the jobseekers directed to the online platform indeed lack digital skills, do not get support in increasing digital skills, nor revert to face-to-face counselling on their own initiative, and potentially suffering longer unemployment duration because of this (Parliament of Australia, 2023^[29]).

Successfully prioritising digital channels and increasing their take-up as foreseen in the strategies of MOEL and KEIS, require that these channels have high performance and user experience, which can only be achieved if end-user insights are systematically taken into consideration throughout the development process (OECD, 2022^[24]). User insights can be particularly useful and feasible to collect in the initial planning stage (for the overall purpose and design), when testing the prototype or later stages before adoption, as well as after adoption by setting up a channel for continuous feedback from customers. Yet, Korea does not systematically involve (representatives of) jobseekers and employers in developing digital channels or tools. Involving employers and jobseekers in developing digital tools and channels is somewhat less common and less systematic among PES in the OECD countries than involving PES staff (e.g. counsellors), as it requires more planning and effort. While 95% of PES involve their staff in the development of digital infrastructure, less than half of PES involve employers and jobseekers, mostly in the planning or testing stage (49% of PES involve jobseekers and 44% involve employers).³ As a good example, Sweden has increased the involvement of end-users in developing digital tools and channels to be able to implement its digital first strategy (OECD, 2023^[30]). The digital first strategy in the Swedish PES includes such principles as focusing on customer needs to create real value and benefit for the society, showing customers how digital services and data-driven methods create value, strengthening PES ability to create seamless and value-generating customer experience, and focusing on customers, their accessibility and inclusion while prioritising digital channels. In the French PES, testing the solutions with real users in real use case scenarios and environment is systematically embedded in the development processes to ensure high added value and user experience in their digital tools (Mogollon, 2021^[31]).

5.5. Advanced technologies to deliver employment services in Korea

As modernising digital infrastructure, including via advanced technologies, has been prioritised in the strategies of MOEL and KEIS for the past years, great progress has been made in adopting innovative tools using state-of-the-art technologies for the core employment services. As such, Korea is among the 45% of OECD countries that are using AI within the digital infrastructure of the PES (Brioscu et al., forthcoming^[2]).

Currently, AI is used in the Korean PES to facilitate job matching and career counselling services, which are also the services that are most commonly enhanced by AI in PES in other OECD countries. As Korea has the ambition and resources to further invest in advanced technologies, AI, including generative AI, could be harnessed to further increase the user-friendliness, effectiveness and efficiency of digital PES. In addition, Korea needs to invest in systematically evaluating the effectiveness and cost-effectiveness of its digital solutions.

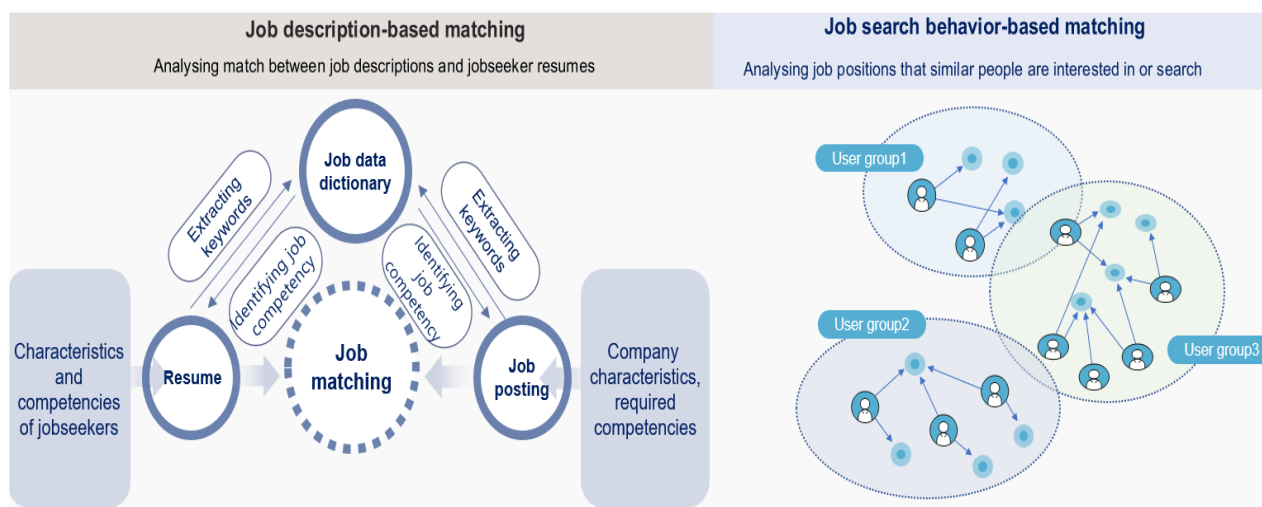
5.5.1. *Recommending jobs and career pathways are supported by advanced digital solutions*

Matching jobseekers with suitable vacancies was the first major digital service in the Korean PES that was boosted with AI technologies in 2018-20. As the first step, the AI-based job matching service *TheWork* enabled connecting jobseekers with suitable jobs by analysing vacancy postings and resumes using job dictionaries (ontology). The job dictionary uses machine learning to collect information from public vacancies and generate an up-to-date ontology of occupations and their requirements regarding certificates, training etc.

As the second step, KEIS has enhanced the AI-based vacancy matching algorithm to additionally consider the job search behaviour of jobseekers (click data in the job matching portal by similar previous users) to take into account which kinds of vacancies the jobseeker is more likely to be interested in (Figure 5.1). Additionally, the jobseeker (or job counsellor) can filter job matches by specific criteria like the region or wage.

Figure 5.1. The AI-based job matching tool in the Korean PES relies on job descriptions and job search behaviour data

Illustration of algorithms used in the job matching tool developed by the Korean Employment Information Service



Source: Kim (2023^[32]), "AI & Public Employment Services in KOREA" in the International Conference on AI in Work, Innovation, Productivity, and Skills, 30 March 2023.

A similar approach of using competency-based matching enhanced with job search behaviour data (but also by the jobseeker themselves, not only previous users) and enabling additional filters is used by one of the other digitally more advanced PES in the OECD, the VDAB in Flanders (Belgium) (Scheerlinck, 2020^[5]), and soon by the PES in Luxembourg (Baer, 2023^[33]). The AI-based job matching tools in other OECD countries harness AI above all to facilitate (competency-based) matching and facilitate the application of skill taxonomies within the vacancy matching tools (e.g. Canada, France, soon Luxembourg). The job matching platform in Finland *Job Market* uses Natural Language Processing (NLP) to identify relevant competencies in the vacancy postings and job application documents, in addition to facilitating using the skills taxonomy (European Skills, Competencies, Qualifications, and Occupations classification, ESCO) and matching jobseekers and vacancies (OECD, 2023^[7]; OECD, 2024^[8]). Korea could analyse whether additionally using NLP could enable taking into account supplementary relevant competencies in the job dictionary (particularly soft skills), or enable detecting skills and competencies easier in jobseekers' documents and further decrease the administrative burden on job counsellors.

The job dictionaries are additionally used in the new AI-based tool called *Job Care* to provide career management services, which was launched in 2021 and has been rolled out across Korea in 2023. *Job Care* uses also information in the jobseeker's resume and compares this with the information in the job dictionaries and on similar jobseekers in the past, to suggest occupations for job search, possible career pathways and training if upskilling or reskilling is relevant for the desired occupations. *Job Care* can be used by jobseekers independently, or by counsellors within in-depth counselling sessions. Fine-tuning and improving of *Job Care* continues, aiming to involve additional relevant data from other registers and data sources, as well as incorporating generative AI (such as ChatGPT) to facilitate user friendliness of the tool for jobseekers.

In the future, Korea aims to include information on jobseekers' aptitude, interests and knowledge in the job matching and career recommendation services. Indeed, better understanding jobseeker interests can better tailor career recommendations to them. For example, the PES in Flanders (Belgium), VDAB, uses the AI-based tool called *Orient* to help jobseekers better understand their job preferences and the job matching platform and counsellors make thus better suited recommendations to the jobseekers (VDAB, 2023^[34]; De Blauwe, 2021^[35]). *Orient* asks jobseekers simple questions regarding their preferences for tasks and working conditions taking

only about 10 minutes, as the AI-algorithm optimises the questions depending on jobseeker answers, decreasing the time to answer the questions like this down from 45 minutes (Radix, 2020^[36]). After completing the short questionnaire, *Orient* provides a list of occupations ranked by their match to jobseeker skills and considering up-to-date information on labour demand, and links these to open vacancies (OECD, 2024^[8]; Brioscu et al., forthcoming^[2]).

In addition, MOEL and KEIS could consider improving the functioning of the *Job Care* platform by feeding in more information on jobseeker skills. Only regarding skills that are detectable in jobseekers' previous employment history and education provided in their CVs can easily overlook some of the skills and competencies that jobseekers have and do not enable to validate the possession and the level of the skills. Certificates for skills are also likely only covering a fraction of actual skills, particularly regarding soft skills that are becoming increasingly important in labour market matching (OECD, 2023^[37]). Korea could consider how to improve the coverage and validation of jobseeker skills that they can use for tailoring (digital) services, for example by learning from competency tests adopted by the German PES (see Subsection 5.3.1)

5.5.2. Counsellors' needs drive the development of digital tools to support face-to-face counselling

In general, counsellors in the Employment Centres are well supported by the digital infrastructure to deliver their (offline) services to jobseekers and employers (Table 5.3). The user interface for counsellors in *WorkNet* enables key functionalities, such as jobseeker registration, job matching and career counselling (*Job Care* application integrated to *WorkNet*), profile jobseekers and develop the individual action plans to support their labour market integration pathways, and share information on jobseekers with employers. Only functionalities to support the provision of ALMP measures are somewhat more limited in *WorkNet* than in user interfaces for job counsellors in other countries. Furthermore, the provision of training to jobseekers is supported by another platform – *HRD-Net* – via which jobseekers can apply for training and provide their feedback, and training providers can receive information on the training participants, as well as provide data on their participation back to the PES.

Table 5.3. The provision of active labour market policies is not fully integrated in the digital platform to support job counsellors in Korea


Online solutions to support staff in public employment services in the OECD and EU countries in spring 2023

Functionality	Number of countries having the functionality	Share of responding countries having this functionality	Number of solutions having the functionality across countries	Share of all counsellor tools having this functionality	Number of solutions having the functionality in Korea
Match jobseekers to vacancies	33	83%	36	78%	1
Profile jobseekers	32	80%	35	76%	1
Develop and manage individual action plans	29	73%	32	70%	1
Process jobseeker applications for registration	29	73%	31	67%	1
Monitor clients' participation in ALMPs	27	68%	30	65%	0
Monitor clients' job search activities	27	68%	28	61%	0
Process applications for ALMPs by jobseekers	26	65%	28	61%	1
Share information on suitable candidates with employers	24	60%	24	52%	1
Refer clients to ALMPs	19	48%	20	43%	0
Map jobseeker's distance to occupations and gaps in competencies	17	43%	18	39%	1
Identify potential clients proactively to support outreach	16	40%	17	37%	0
Target ALMPs – receive recommendations for the type of support to provide to different profiles of clients	14	35%	16	35%	0

Functionality	Number of countries having the functionality	Share of responding countries having this functionality	Number of solutions having the functionality across countries	Share of all counsellor tools having this functionality	Number of solutions having the functionality in Korea
Recommender systems in career services based on analysing expected skills by employers and previous career choices of workers	12	30%	12	26%	1

Note: Online solutions exclusively to administer unemployment benefits or manage back-office functions not concerning job counsellors are not included. Answers from 40 OECD and EU countries and regions regarding 46 different digital platforms to support staff in public employment services that were operational in spring 2023 or soon to be launched.

Source: OECD questionnaire on digitalisation in Public Employment Services to support the provision of active labour market policies launched in March 2023.

StatLink  <https://stat.link/gmedk5>

In addition to covering the key functionalities, the user interface of *WorkNet* for counsellors aims at continuous improvement of user friendliness. Counsellors are the only group of end-users that are more systematically involved in the development process of digital tools by KEIS, including in the inception and planning phase, as well as testing and piloting. The needs of counsellors are continuously checked when reorganising and improving *WorkNet* and implementing new data exchanges with external registers. The counsellors have a channel to continuously post any issues they find in *WorkNet* (functionalities, speed, needs for additional menus or options etc.) and KEIS has a large, dedicated team to address the issues notified, making the continuous improvement process an exemplary practice for other countries.

5.5.3. Jobseeker profiling could be enhanced to support counsellors' work, channel management and personalise services to jobseekers

To provide sufficient information for the job matching and career management services via *Job Care*, jobseekers need to provide their information via the dedicated *WorkNet* user interface for them when they register with PES. Alternatively, counsellors collect the relevant information during the face-to-face counselling sessions in Employment Centres, and insert the information in *WorkNet* (above all personal information, education, preferred occupations and other preferred criteria for the new job, optionally information on work experience, qualification, training, skills etc.).

Job Care enables profiling jobseekers by employment aspirations and to some degree by qualification and skills, but is not a jobseeker profiling tool in the narrow sense of assessing jobseeker general employability to target ALMPs and manage PES resources (see more on jobseeker profiling tools in OECD (forthcoming^[38]; 2024^[8]; 2018^[39]; 2020^[40]). Nevertheless, *Job Care* enables to identify training needs, and the information collected on jobseekers helps counsellors to suggest also other types of ALMPs and steps to take in the individual action plan, although in the Korean ALMP system jobseekers need to apply to different ALMPs rather than are strictly referred to by counsellors.

A more comprehensive jobseeker profiling takes place for those jobseekers that participate in the pilot programme called Jobseeker Advancement Guarantee Package (JAGP), launched in August 2022. The JAGP programme aims to provide jobseekers with more tailored support and thus analyses the employment barriers in more detail. The counsellor uses a dedicated questionnaire in the first counselling session to understand the jobseeker's professional, economic, and psychological situation in-depth. This pilot programme should be evaluated to generate knowledge on the effectiveness of the more intensive support to jobseekers, as well as of the in-depth information collection and profiling. If the effects of collecting additional information on jobseekers' labour market outcomes is positive, KEIS could consider augmenting the current digital solution to collect additional information (questions to jobseekers on voluntary basis, triggered by specific replies to

mandatory questions, accessing data from external sources) to inform better the support and advice provided to jobseekers.

Even more crucially, Korea should aim to understand better jobseekers' digital skills to make more informed decisions when targeting digital and face-to-face channels, and refer them to ICT training. While some jobseekers have certificates for the ICT skills that assure their ability to be able to use PES online services independently, it would be important for the PES to detect those jobseekers that indeed need face-to-face support early on and prevent them becoming long-term unemployed. For example, the French PES co-operates with a non-profit organisation Pix that has developed an online platform to test different types and levels of digital skills simulating real-life situations in the digital world (OECD, 2024^[8]; Banca and Plard, 2023^[41]). In addition to understanding jobseekers' training needs on digital skills to facilitate their access to job search tools and equip them with the skills needed by the labour market, such knowledge-based testing enables to provide the jobseekers with relevant certificates (OECD, 2020^[42]). Such skill assessment and certification to make jobseeker skills transparent for the jobseekers and employers can support jobseekers getting employed and achieve higher wage (Carranza et al., 2022^[43]).

MOEL and KEIS could consider whether to co-operate with a provider of digital skills testing, integrate these tests within their digital infrastructure (even if only via linking to another platform), trigger referrals to these tests if jobseekers lack relevant certificates, and use the test results for profiling jobseekers for improved channel management and targeting training. While the digital skills of a jobseeker have not been tested or certified, referring them to counselling in the Employment Centres would be advisable.

5.5.4. Streamlining and integrating digital employment services in the new platform *Employment24*

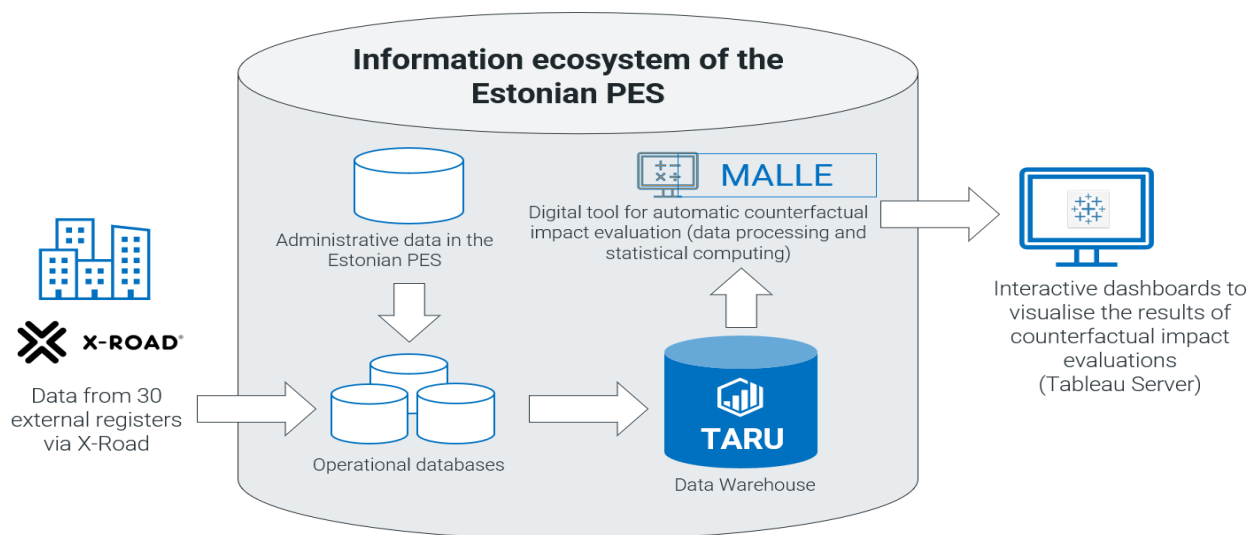
As the next major step regarding the digital infrastructure for employment services, MOEL and KEIS aim at a better integration of different digital platforms used by Employment Centres, jobseekers and employers. Currently, *WorkNet* is the main platform to support delivering employment services, to which also *TheWork* and *Job Care* are connected to. Additional platforms are developed by KEIS to manage unemployment insurance (*ei.go.kr*) and training (*HRD-Net*). Moving towards a new more integrated digital system initiated in 2021 called *Employment24* will streamline the different platforms, tools and data exchanges, providing a one-stop shop of digital services for jobseekers and employers. The new system would enable a more tailored and comprehensive response to jobseeker and employer needs, providing support regarding employment services, training and benefits via the same system. For the PES staff, a more integrated system would enable faster administrative processes and more automation.

Employment24 will aim also at strengthening data exchanges with other registers and increase data validity and integration to further support the concept of one-stop shop, and increase automation and efficiency. MOEL and KEIS have made significant progress in establishing data exchanges with other registers over the past decade. By now, data are exchanged with many central administrative agencies and public institutions (e.g. information on basic livelihood benefit recipients and welfare recipient of the Ministry of Health and Welfare, business registration information of the National Tax Service, information on the insured of Occupational Health and Safety Insurance of Korea Workers' Compensation and Welfare Service), local governments and private companies to provide better employment services to jobseekers and recruiting companies. The efforts are continued to establish relevant data exchanges for example with the Ministry of Education and additional data exchanges with the Ministry of Health and Welfare, and solutions to comply with data protection legislation are sought for this purpose. In addition, MOEL and KEIS aim to streamline how data from different sources are used and processed, as well as apply data validity frameworks to establish a single source of truth. The improved data exchanges are expected to feed into both smarter services for jobseekers and employers, as well as monitoring, evaluation and evidence-based policy making.

Indeed, MOEL and KEIS need to continue their efforts to establish data exchanges with other registers to avoid duplicating information collection from jobseekers (e.g. on education, qualification, certificates, employment history etc) and employers. Accessing such data from an administrative register would make the processes more efficient for the clients and counsellors, as well as help to address the data validity concerns. For example, the Estonian secure data exchange system X-road applying once-only data collection principle is estimated to save the country about 1 400 years or working time and the digitalised public services about 2% of GDP annually (Nordic Institute for Interoperability Solutions, 2023^[44]; PricewaterhouseCoopers, 2019^[45]). The Estonian PES exchanges data with 30 registers to receive all data existing in other administrative registers directly from these, e.g. on employment, education, entrepreneurship, qualification etc (OECD, 2023^[30]). These data exchanges enable the Estonian PES to develop smart services, as well as have an advanced system to monitor and evaluate ALMPs. In 2019, Estonia launched a digital tool called *MALLE* to automatically evaluate its main ALMPs and visualise the results, using the rich near-live administrative data from different registers and statistical computing software (OECD, 2022^[46]), see Figure 5.2. At the moment, KEIS invests a lot of (human) resources to conduct regular monitoring and evaluation of all individual ALMPs. Developing a system similar to the Estonian *MALLE* could streamline regular monitoring and evaluation efforts and invest the KEIS resources to meet the more sophisticated needs for evaluation, such as designing randomised controlled trials for new policies and approaches or develop evaluations beyond specific ALMPs, such as digital tools (see next section).

Figure 5.2. Data exchanges with many external registers enable the Estonian PES to conduct counterfactual impact evaluations automatically

The technical set-up of the automatic digital tool to conduct counterfactual impact evaluations of ALMPs in the Estonian PES



Note: PES – public employment service. ALMPs – active labour market policies.

Source: Printsman (2023^[47]), "Automated tool for impact evaluation of active labour market measures: linking administrative data" in the EC-OECD Technical Workshop: Evaluating labour market policies through the use of linked administrative data, www.oecd.org/els/emp/ALMP_impact_evaluation_EC-OECD_workshop_9Oct.pdf.

To further increase the value added of *Employment24*, Korea could aim to strengthen the information used in the platform on vacancies available on the labour market. Information is already exchanged with some private job search portals like Job Korea, Saramin and Incruit. Some other OECD countries (e.g. Austria, Canada, Germany, Norway, the Netherlands and Switzerland) use web crawling / scraping in addition to dedicated data exchange channels to pool vacancies across country. The PES in the Netherlands is co-operating with a partner company providing web scraping service (Textekernel) and over one-third of all vacancies in the job mediation portal of the Dutch PES were collected via this service. Using this approach, the PES in the Netherlands is able to enrich its pool of vacancies, thus increasing the opportunities for jobseekers to find employment via a digital one-stop shop. In addition to receiving vacancies from 110 online job mediation (Busson, 2018^[48]), the French PES is using an AI-based tool called “*La Bonne Boîte*” to reveal a “hidden job market” since 2015. This tool identifies companies that are likely to hire even if they have not yet published a job vacancy, based on an algorithm that predicts hiring trends using extensive data on French companies. The French job matching platform considers these potential vacancies together with public vacancies to offer more opportunities for jobseekers. The evaluation of “*La Bonne Boîte*” has shown that this tool has indeed enriched jobseekers’ job search chances and led to increased employment rates (Behaghel et al., 2022^[49]). Adopting similar practices – web scraping and predicting vacancies – could also improve the value added of *Employment24*. A higher coverage of vacancies on the labour market would provide more opportunities for jobseekers using *Employment24*, as well as enrich the information in the job dictionaries that support the vacancy matching and *Job Care* career management algorithms.

To further increase user experience of *Employment24*, it would need to aim at intuitiveness, good user support and interactivity. One way of achieving this is introducing a chatbot within the platform to guide the users, which is also considered to aim at in the strategies of MOEL and KEIS. Currently, the PES in Austria, Greece, Iceland and Norway have introduced chatbots for enhanced user experience, as well as decrease administrative burden for PES staff to answer certain types of (often recurring) questions (Brioscu et al., forthcoming^[2]). Similar bots using NLP can be introduced for written communication with jobseekers and employers. Such email-bots are being for example developed in the PES of France and Luxembourg, and would be a logical step for Korea to further decrease administrative burden.

5.5.5. Monitoring and evaluating digital tools and services needs to be systematic

Digital tools and services need to be systematically monitored and evaluated similarly to other services and measures provided by PES to ensure that these tools and services perform well and to continuously improve them. Monitoring take-up numbers to understand usage and accessibility and collecting user-feedback to pinpoint issues with design and functioning are critical to fine-tune the digital solutions. In addition, the effects of the digital solutions should be rigorously evaluated to understand whether these are helping jobseekers and employers (Brioscu et al., forthcoming^[2]; OECD, 2022^[46]). When feasible, the digital solutions should be evaluated using counterfactual impact evaluations (CIE) to credibly determine the labour market effects of such tools (comparing the results for those exposed to the solution and a control group to credibly establish a causal link between the solution and the results). As a gold standard, the evaluations should be conducted using an experimental design (randomised controlled trials) in the framework of piloting these solutions. Depending on the digital solution, evaluating labour market effects might not be always feasible or primary concern, and other or additional aspects might be important, such as time savings in administrative processing. In addition, the effects (benefits) of the digital solutions need to be compared to their costs to generate knowledge on the returns of investments into digitalisation (OECD, 2022^[46]).

Currently, Korea generally does pilot its new digital solutions before rolling them out nation-wide, particularly if the end-users of the solution are PES counsellors. Such pilots are used above all to collect qualitative insights on the usefulness and usability of the new solutions to determine whether to continue adopting the solution and which adjustments would be relevant. The feedback on pilots is collected via user satisfaction surveys and (focus group) interviews. Regarding AI-based tools, piloting follows four specific stages: 1) development of AI model and initial performance assessment, 2) verification with developers and system operators, feedback collection from external consultants, 3) end-user testing and beta tests, 4) algorithm comparison tests on all jobseekers. Once, a digital solution has been adopted, its monitoring focuses on take-up numbers, and occasionally assessing the tool performance or quality (e.g. collecting user feedback). Counterfactual evaluations of digital solutions used in the Korean PES have not been conducted so far.

Generally, the practices of piloting and monitoring digital solutions in PES in Korea resembles the practices in most OECD countries. Close to two-thirds of PES in the OECD countries pilot at least some of their digital solutions. Monitoring of digital solutions focuses above all on take-up numbers, end-user experience and general tool performance (81%, 69% and 61% of PES respectively), while only a third of PES has looked at cost efficiency or efficiency incurred by digital solutions (31% and 39% respectively).⁴ CIEs of digital solutions in PES are even rarer, but their relevance is being increasingly acknowledged and more of such evaluations have been conducted over the past few years. The PES in the Netherlands has focused above all on evaluating the effectiveness of its digital channels (compared to face-to-face channels, see Vervliet and Heyma (2022_[22])), the German PES has evaluated its digital tools for career orientation and job recommendations (tools with a similar objective as *Job Care* in Korea), the PES in Finland has evaluated the effects of its AI-based job matching platform (Räsänen, 2023_[50]; Räsänen, 2022_[51]), and the VDAB has studied the effects on job finding rates of online tools to enable registration, provide information, support follow-up actions and resources for e-learning. In a few other countries (e.g. France, Denmark, Sweden) some tools have been evaluated by external researchers or academia (see e.g. Behaghel et al. (2022_[49]), Altmann et al. (2022_[52]), (Barbançon, Hensvik and Rathelot (2023_[53])). The Spanish PES developed an online tool Send@ in 2020-21 to support job counsellors in recommending career paths and providing job search advice (OECD, 2022_[24]). The OECD and the European Commission (Directorate General for Structural Reform Support)⁵ supported the Spanish PES to design a randomised controlled trial for Send@ and evaluated its effects on labour market outcomes of jobseekers counselled with the help of Send@. The positive effect of Send@ on jobseekers' entry to employment has facilitated the Spanish PES to encourage the counsellors to use Send@, as well as further fine-tune it.

MOEL and KEIS need to introduce the evaluation of the effects of digital tools systematically in the development and adoption process of such tools. Considerations for ensuring tool performance and avoiding negative side-effects need to be taken into account already in the initial phases of designing new solutions. For example, the digital solutions should not be treating some population groups unfairly, distort labour market functioning or substantially alter competition between jobseekers for job opportunities (Altmann et al., 2022_[52]; Behaghel et al., 2022_[49]). Before launching, the tool needs to undergo thorough testing and piloting. In addition to testing and piloting action undertaken by KEIS now, the new digital solutions (beta versions) should be piloted using randomised controlled trials whenever feasible and thereafter rigorously evaluated. As only the careful designing is not guaranteeing performance and avoiding negative side-effects, the evaluations should aim to look at different key impacts that such tool can cause. For example, career recommender tools like *Job Care* need to lead to better labour market outcomes of jobseekers (e.g. in terms of employment probability, employment stability, job quality, wage, career progression etc.) while avoiding locking any groups into low-quality jobs (e.g. women or migrants if recommendations are based on historic labour market data only) or directing jobseekers to occupations where competition for jobs is already high. In addition, such evaluations need to look at the effects on sub-groups and potentially other break-downs to ensure that the new solutions work for all those that the group is targeting. In addition, further CIEs using quasi-experimental design can be relevant after the full roll-out of the solution as the effects can differ in large scale. CIEs need to be accompanied by process evaluations to further pinpoint needs for fine-tuning the digital solutions.

5.6. Conclusion

Digitalisation is an integral part of strategies for employment services in Korea. The high-level vision of digital employment services is addressed by MOEL and finely detailed by KEIS several years ahead, aiming at a continuous improvement of digital services similarly to public sector in Korea more generally. Going ahead, the authorities could more clearly establish long-term principles and frameworks (for example on managing risks associated with AI and evaluating digital tools) and medium-term action plans to implement digital transition.

Enabled by comprehensive strategic approach to digitalisation and sufficient resources for key needs, digital channels for employment services have become the core of PES in Korea, and all the key services for jobseekers and employers are now available digitally. To continue this successful pathway, MOEL and KEIS need to carefully design the concept of channel management and support the accessibility of digital services, to ensure that jobseekers with lower digital skills or other constraints to using digital channels would not be left behind.

Great progress has been made in adopting innovative tools using state-of-the-art technologies in the Korean PES and a continuous improvement process is envisioned. In addition to better tailoring and integrating support in the PES digital platform already being implemented, additional improvements in the platform and tools could be considered learning from other OECD countries. These concern for example strengthening profiling jobseeker competencies and interests for better career management, facilitating online training to further support the one-stop shop for digital support to jobseekers and assisting employers in designing job vacancies to attract the right talent. Korea could also consider augmenting the coverage of vacancies in the PES portal by web scraping and predicting hiring needs, and enhancing user experience and interactivity of PES platform by harnessing generalised AI. In addition, Korea needs to invest in systematically evaluating the effectiveness and cost-effectiveness of its digital solutions to generate evidence for fine-tuning and further continuous improvement.

References

- Altmann, S. et al. (2022), “The Direct and Indirect Effects of Online Job Search Advice”, *IZA Discussion Papers 15830, Institute of Labor Economics (IZA)*. [52]
- Baer, I. (2023), *Algorithms to facilitate job matching in Luxembourg*, Digital tools for matching jobseekers and vacancies: international workshop, <http://oe.cd/5ny>. [33]
- Banca, M. and J. Plard (2023), *The Pix Project*, https://www.oecd.org/els/emp/Digital_tools_PIX_07032023.pdf. [41]
- Barbanchon, T., L. Hensvik and R. Rathelot (2023), “How can AI improve search and matching? Evidence from 59 million personalized job recommendations”, *Working paper*, http://rolandrathelot.com/wp-content/uploads/LeBarbanchon_Hensvik_Rathelot_Jobbtips_20230722.pdf. [53]
- Behaghel, L. et al. (2022), “Encouraging and Directing Job Search: Direct and Spillover Effects in a Large Scale Experiment”, *Banque de France Working Papers*, <https://publications.banque-france.fr/sites/default/files/medias/documents/wp900.pdf>. [49]
- Behncke, S., M. Frölich and M. Lechner (2010), “A Caseworker Like Me – Does The Similarity Between The Unemployed and Their Caseworkers Increase Job Placements?”, *The Economic Journal*, Vol. 120/549, pp. 1430-1459, <https://doi.org/10.1111/j.1468-0297.2010.02382.x>. [20]
- Bolhaar, J., N. Ketel and B. van der Klaauw (2020), “Caseworker’s discretion and the effectiveness of welfare-to-work programs”, *Journal of Public Economics*, Vol. 183, p. 104080, <https://doi.org/10.1016/j.jpubeco.2019.104080>. [18]
- Brioscu, A. et al. (forthcoming), *New Dawn for Public Employment Services: Service delivery in the age of artificial intelligence*, OECD Publishing, Paris, <https://doi.org/10.1787/dee339a8-en>. [2]
- Bundesagentur für Arbeit (2022), *Möglichkeiten testen [test possibilities]*, <http://web.arbeitsagentur.de/sete/testuebersicht/> (accessed on 26 February 2023). [11]
- Busson, A. (2018), *Working with different employer groups*. [48]
- Card, D., J. Kluve and A. Weber (2018), “What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations”, *Journal of the European Economic Association*, Vol. 16/3, pp. 894–931, <https://doi.org/10.1093/jeea/jvx028>. [16]
- Carranza, E. et al. (2022), “Job Search and Hiring with Limited Information about Workseekers’ Skills”, *American Economic Review*, <https://doi.org/10.1257/aer.20200961>. [43]
- De Blauwe, M. (2021), *Oriënt: Use AI to serve business needs*, VDAB. [35]
- Huber, M., M. Lechner and G. Mellace (2017), “Why Do Tougher Caseworkers Increase Employment? The Role of Program Assignment as a Causal Mechanism”, *Review of Economics and Statistics*, Vol. 99/1, pp. 180-183, https://doi.org/10.1162/rest_a_00632. [19]
- KEIS (2022), *차세대 디지털 고용서비스 플랫폼중장기 발전 방안 (“Mid- to long-term development plan for the next-generation digital employment service platform”)*. [3]
- Kim, H. (2023), *AI & Public Employment Services in KOREA*. [32]

- Leinuste, K. (2021), *Decision support tool „OTT“ for employment counsellors in the Estonian PES*, [9]
<https://www.oecd.org/els/emp/PES-Digital-Oct2021-Estonia.pdf>.
- Mogollon, M. (2021), *Pôle emploi incubator methodology*, [31]
<https://www.oecd.org/els/emp/PES-Digital-Oct2021-France.pdf>.
- Nordic Institute for Interoperability Solutions (2023), *X-Road*, [44]
<https://x-road.global/the-17-goals/>.
- O’Leary, C. et al. (2021), “Effects of Job Referrals on Labor Market Outcomes in Brazil”, *Economia LACEA Journal*, Vol. 21/2, [21]
<https://doi.org/10.31389/eco.228>.
- OECD (2024), *2023 OECD Digital Government Index*, OECD Publishing, Paris, [1]
<https://doi.org/10.1787/1a89ed5e-en>.
- OECD (2024), *Impact Evaluation of Training and Wage Subsidies for the Unemployed in Greece, Connecting People with Jobs*, OECD Publishing, Paris, [28]
<https://doi.org/10.1787/4b908517-en>.
- OECD (2024), *Modernising Latvia’s Public Employment Service through Digitalisation*, OECD Publishing, Paris. [8]
- OECD (2023), *Addressing the legal and IT challenges of data exchange to support contracted-out employment services in Sweden*, [30]
https://www.oecd.org/els/emp/Sweden_Challenges_Data_Exchange.pdf.
- OECD (2023), *Evaluation of Active Labour Market Policies in Finland*, OECD Publishing, Paris, [7]
<https://doi.org/10.1787/115b186e-en>.
- OECD (2023), *OECD Employment Outlook 2023: Artificial Intelligence and the Labour Market*, OECD Publishing, Paris, [37]
<https://doi.org/10.1787/08785bba-en>.
- OECD (2022), *Harnessing digitalisation in Public Employment Services to connect people with jobs*, [46]
 OECD Publishing, Paris,
https://www.oecd.org/els/emp/Harnessing_digitalisation_in_Public_Employment_Services_to_connect_people_with_jobs.pdf.
- OECD (2022), *Impact evaluation of the digital tool for employment counsellors in Spain: SEND@*, [24]
 OECD Publishing, Paris, <https://www.oecd.org/els/emp/FinalReport-EvaluationOfSEND.pdf>.
- OECD (2021), *Improving the Provision of Active Labour Market Policies in Estonia*, Connecting People with Jobs, OECD Publishing, Paris, [27]
<https://doi.org/10.1787/31f72c5b-en>.
- OECD (2021), *New ways to reach out to employers*, OECD, <http://oecd.org/els/emp/Employers.pdf>. [13]
- OECD (2021), *OECD Employment Outlook 2021: Navigating the COVID-19 Crisis and Recovery*, [26]
 OECD Publishing, <https://doi.org/10.1787/5a700c4b-en>.
- OECD (2021), “Scaling up policies that connect people with jobs in the recovery from COVID-19”, [10]
OECD Policy Responses to Coronavirus (COVID-19), OECD Publishing, Paris,
<https://doi.org/10.1787/a91d2087-en>.
- OECD (2020), *Statistical profiling tools for effective targeting and tailoring of services to jobseekers in Slovenia – Workshop Summary*, [40]
https://www.oecd.org/els/emp/Statistical_profiling_Slovenia.pdf.

- OECD (2020), “The potential of online learning for adults: Early lessons from the COVID-19 crisis”, *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <https://doi.org/10.1787/ee040002-en>. [42]
- OECD (2018), *Profiling tools for early identification of jobseekers who need extra support*, Policy Brief on Activation Policies, OECD Publishing, Paris, <http://oecd.org/els/emp/OECD-Profiling-policy-brief-DEC-18.pdf>. [39]
- OECD (forthcoming), *Handbook on labour market transformations*, Edward Elgar. [38]
- Parliament of Australia (2023), *Rebuilding Employment Services. Final report on Workforce Australia Employment Services*, https://www.aph.gov.au/Parliamentary_Business/Committees/House/Workforce_Australia_Employment_Services/WorkforceAustralia/Report. [29]
- Pôle Emploi (2023), *Action recrut' : 3 ans après sa mise en place, le dispositif permet aux entreprises bénéficiaires de diminuer d'environ 15% les abandons de recrutement et de réduire leurs délais de recrutement d'environ 2 jours*, <https://www.francetravail.org/accueil/communiqués/action-recrut--3-ans-apres-sa-mise-en-place-le-dispositif-permet-aux-entreprises-beneficiaires-de-diminuer-denviron-15-les-aband.html?type=article> (accessed on 24 January 2024). [12]
- Pôle Emploi (2022), *Pôle emploi se dote d'une charte pour une utilisation éthique de l'intelligence artificielle*, Communiqué de presse, <https://www.pole-emploi.org/accueil/communiqués/pole-emploi-se-dote-dune-charte-pour-une-utilisation-ethique-de-lintelligence-artificielle.html?type=article>. [4]
- PricewaterhouseCoopers (2019), *Estonia – the Digital Republic Secured by Blockchain*, <https://www.pwc.com/gx/en/services/legal/tech/assets/estonia-the-digital-republic-secured-by-blockchain.pdf>. [45]
- Printsmann, P. (2023), *Automated tool for impact evaluation of active labour market measures: linking administrative data.*, https://www.oecd.org/els/emp/ALMP_impact_evaluation_EC-OECD_workshop_9Oct.pdf. [47]
- Radix (2020), *Radix and VDAB reinvent orientation test with Artificial Intelligence*, Radix, <http://radix.ai/cases/flemish-orientation-test-faster-and-more-accessible-than-ever-thanks-to-collaboration-between-radix-and-vdab/> (accessed on 26 February 2023). [36]
- Räisänen, H. (2023), *How to approach the ex ante employment effects of the Job Market matching platform?*, https://www.oecd.org/els/emp/Session3_Job_Market_Matching_Platform.pdf. [50]
- Räisänen, H. (2022), “Miten Työmarkkinatorin työllisyysvaikutusta voidaan arvioida?”, *Työpoliittinen aikakauskirja*, Vol. 1, https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/163904/TAK_1_2022_web.pdf?sequence=1&isAllowed=y. [51]
- Rosholm, M., K. Sørensen and L. Skipper (2019), *What Affects Job Prospects? The Employability Indicator Project*, Væksthusets Forskningscenter, <http://www.vaeksthusets-forskningscenter.dk>. [25]
- Scheerlinck, K. (2023), *Ethical Board of VDAB and its role in AI Governance*, <https://www.oecd-events.org/ai-wips-2023/session/8d837eb4-cbbc-ed11-9f73-6045bd8890e4>. [6]
- Scheerlinck, K. (2020), *AI & Advanced Analytics @ VDAB*, https://www.oecd.org/els/emp/AI_presentation_VDAB.pdf. [5]

- Schiprowski, A. (2020), “The Role of Caseworkers in Unemployment Insurance: Evidence from Unplanned Absences”, *Journal of Labor Economics*, Vol. 38/4, pp. 1189-1225, <https://doi.org/10.1086/706092>. [17]
- Schmidt, T. and T. Mitze (2023), “Crisis and the welfare state: the role of public employment services for job placement and the Danish flexicurity system during COVID-19”, *Cambridge Journal of Regions, Economy and Society*, Vol. 16/1, <https://doi.org/10.1093/cjres/rsad002>. [23]
- Suárez, P., B. Cueto and M. Mayor (2014), “Effects of public employment services on labor transitions: an analysis for the Spanish case”, *International Journal of Manpower*, Vol. 35/7, <https://doi.org/10.1108/IJM-05-2014-0109>. [15]
- VDAB (2023), *Orient*, <http://orientatie.vdab.be/> (accessed on 26 February 2023). [34]
- Vervliet, T. and A. Heyma (2022), *Langetermijn effecten van persoonlijke dienstverlening in WW [Long-term effects of personal services in WW]*, SEO Economisch Onderzoek, <https://www.seo.nl/wp-content/uploads/2022/09/2022-57-rapport-Experiment-WW-deel-3-20220516-DEF.pdf>. [22]
- Vikström, J., M. Söderström and A. Cederlöf (2021), “What makes a good caseworker?”, *IFAU Working papers*. [14]

Notes

¹ OECD questionnaire on digitalisation in Public Employment Services to support the provision of active labour market policies launched in March 2023; the share of countries calculated based on those countries that responded to the question.

² OECD questionnaire on digitalisation in Public Employment Services to support the provision of active labour market policies launched in March 2023; the share of countries calculated based on those countries that responded to the question.

³ OECD questionnaire on digitalisation in Public Employment Services to support the provision of active labour market policies launched in March 2023; the share of countries calculated based on those countries that responded to the question.

⁴ OECD questionnaire on digitalisation in Public Employment Services to support the provision of active labour market policies launched in March 2023; the share of countries calculated based on those countries that responded to the question.

⁵ The support was provided within the framework of the project “Implementing a new approach to the management of statistical and analytical information in the Spanish labour and social security administration” in 2020-22. This project was funded by the European Union via the Technical Support Instrument, and implemented by the OECD, in co-operation with the Directorate-General for Structural Reform Support of the European Commission.

Connecting People with Jobs

Strengthening Active Labour Market Policies in Korea

This report discusses the role of Korea's active labour market policies (ALMPs) and one-stop shops for employment and social services in fostering a more inclusive labour market. It highlights the innovative digital tools that the Korean authorities have adopted using state-of-the-art technologies to provide ALMPs as well as their strategy for continuous improvement of the digital ecosystem. This report on Korea is the fifteenth country study published in this series.



PRINT ISBN 978-92-64-41088-6
PDF ISBN 978-92-64-35078-6



9 789264 410886