

## Main Policy Challenges Facing the VET System in KOREA: OECD-KRIVET Skills Beyond School Project

July 27, 2011

Research Fellow, KRIVET, Kirak Ryu

- 1 Introduction
- 2 New Challenges of Skills Development
- 3 Skills Formation: post-secondary VET
- 4 Skills Circulation: market/skills signals
- 5 Policy Issues

1

### 1 Introduction

#### (1) Background and goals of the project

Pilot Study (2010) conducted by KRIVET team with OECD EDU to examine the roles of post-secondary vocational education and training (VET) focused on skills formation and labor markets

Country Study: to encourage participation of OECD countries

OECD-KRIVET joint seminar: held in Paris on November 17, 2011 hosted by OECD EDU

In 2011, "Skills Beyond School" Project launched by the ETP (Education and Training Policy Division) of the OECD EDU (Education Directorate) builds on the 2010 pilot study

2

### 1 Introduction

#### (1) Background and goals of the project

Joint research between OECD and KRIVET is under progress to facilitate country study by each OECD member state and to further in-depth study on the issues of skills strategy at the post-secondary levels

3

### 1 Introduction

#### (1) Background and goals of the project

Emerging the gravity of postsecondary VET for sustainable economic growth and the future jobs

Enlargement of postsecondary VET from the young people and incumbent workers to the elder, advancing to aging or aged society

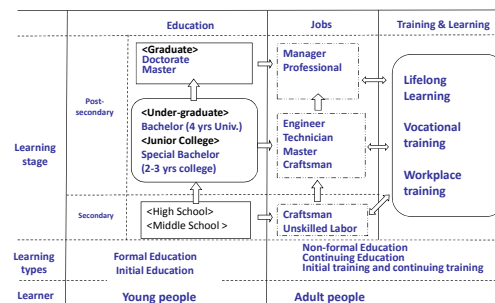
Requiring new strategies of VET to cope with skills mismatch or skills gap in the process of transition from school to work

Looking at skills beyond school under interdependence mechanisms between postsecondary VET and the labor market

4

### 1 Introduction (1) Background and goals of the project

#### □ Structure of post - secondary VET



5

**1 Introduction**  
(1) Background and goals of the project

**□ Structure of Vocational Training**

	Type	Characteristics
Public training providers	Public organization	◦ Public organization designated by laws operate training -Korea Polytech University (40), Korea University of Technology and Education (1), Korea Employment Promotion Agency for the Disabled (1), Korea Chamber of Commerce and Industry (8)
	Local government	◦ Local governments directly operate training institutions -5 in Seoul, Gyeonggi-do etc. training for such occupations favored by local residents.
	Government agencies	◦ Central Government agencies operate training institutions -Ministry of Justice is running 36 training institutions to develop job skills of inmates.
Private training Provider	Training corporations	◦ Training facilities which are run by non-profit corporations under the Employment and Labor Minister's permit for the purpose of the skills development program
	Women Resources Development Center	◦ Established and run for women's vocational competency development, in accordance with the framework Act on Women's Development.
	Providers designated by MoEL	◦ Colleges/Universities (including junior colleges), employers (employer organizations) or individual persons that have met certain requirements.
	Providers not designated by MoEL	◦ Employers, employer organizations and schools and individuals under the Higher Education Act which are not designated as skills development training providers, but provide their recognized or designated curricula for vocational competency development training.

Source: MOEST, Lifelong Education White Paper, 2009.

6

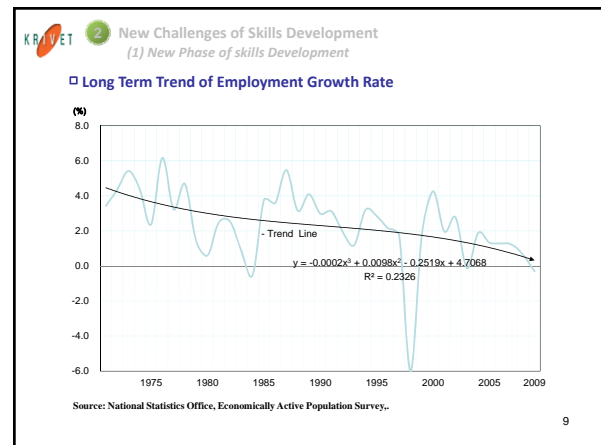
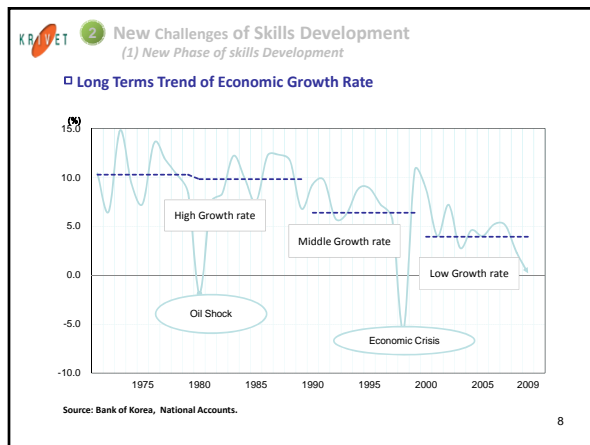
**2 New Challenges of Skills Development**

(1) New Phase of skills Development

1. Declining the long-term Trend of Economic Growth, and Maintenance of Quick recovery from the recent recession

⇒ face structural 'lowered growth with increased disparity' problem

7



**2 New Challenges of Skills Development**

(1) New Phase of skills Development

1. Declining the long-term Trend of Economic Growth, and Maintenance of Quick recovery from the recent recession

⇒ face structural 'lowered growth with increased disparity' problem

2. New impetus for global competition and sustainable growth

⇒ 'Low-level skills' → 'high-level, creative skills' in business

⇒ The skills gap in SMEs and micro-businesses in particular

★ Wage differentials between SMEs and LEs

Year	1980	1990	2000	2009
Relative Wage	92%	86%	82%	78%

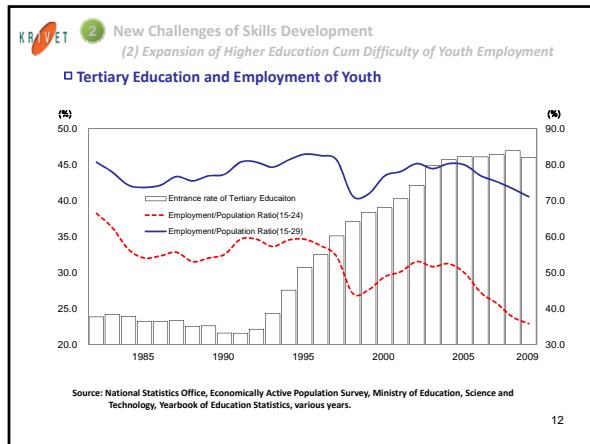
10

**2 New Challenges of Skills Development**

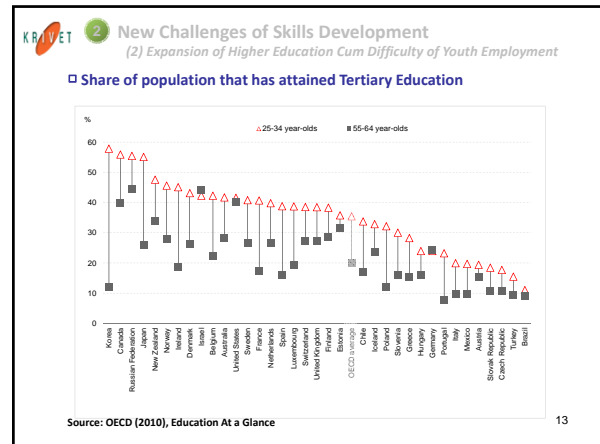
(2) Expansion of Higher Education Cum Difficulty of Youth Employment

1. Over-investment in regular education, but under-investment in LLL and postsecondary VET

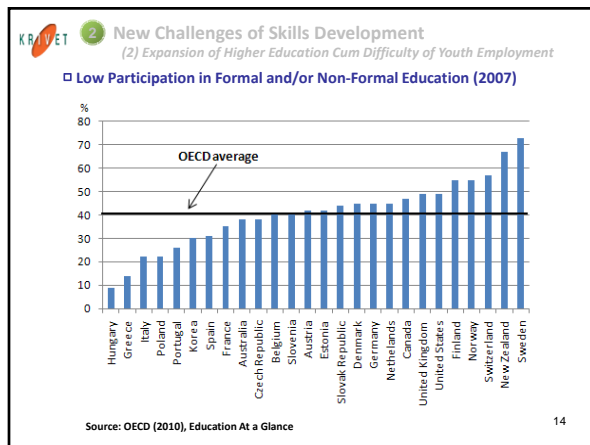
11



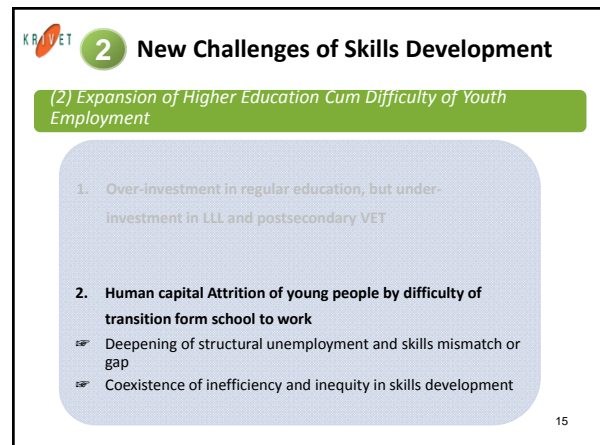
12



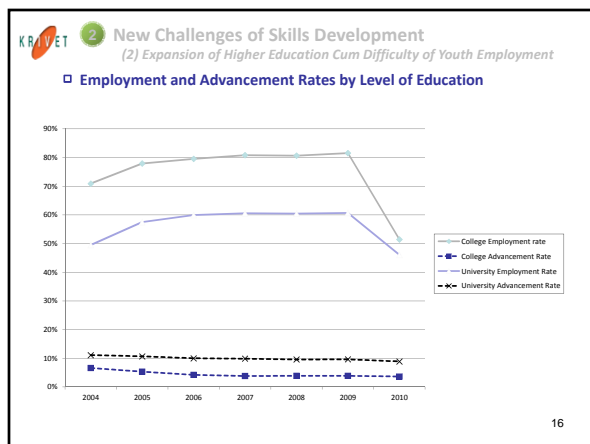
13



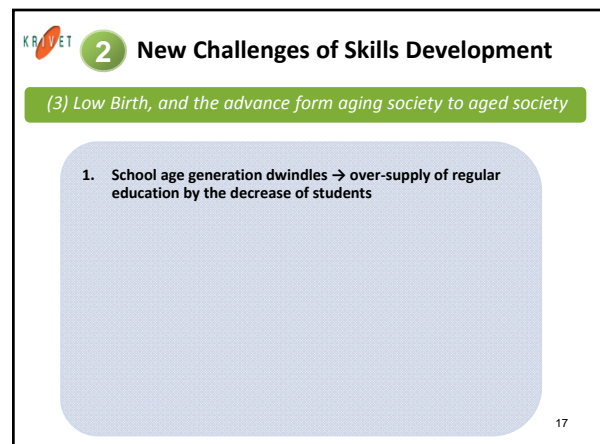
14



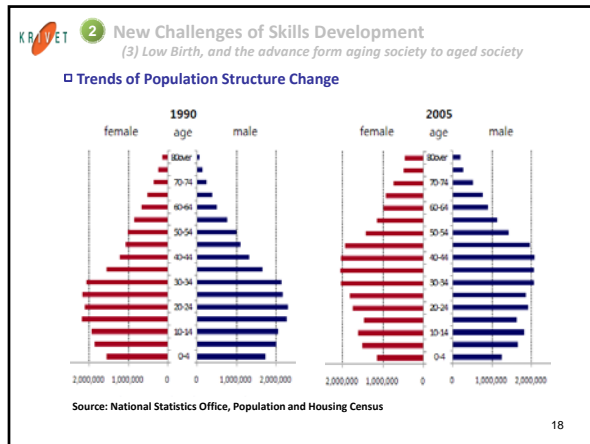
15



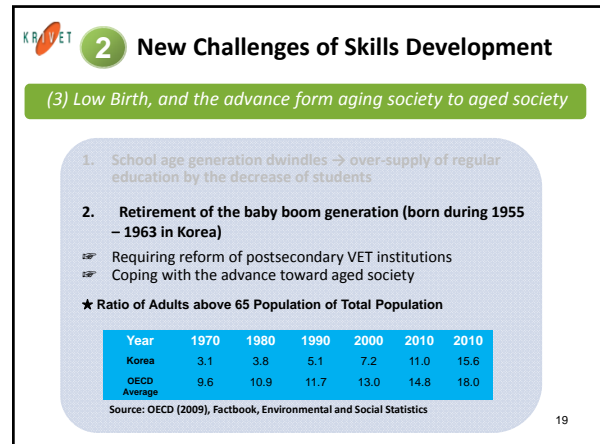
16



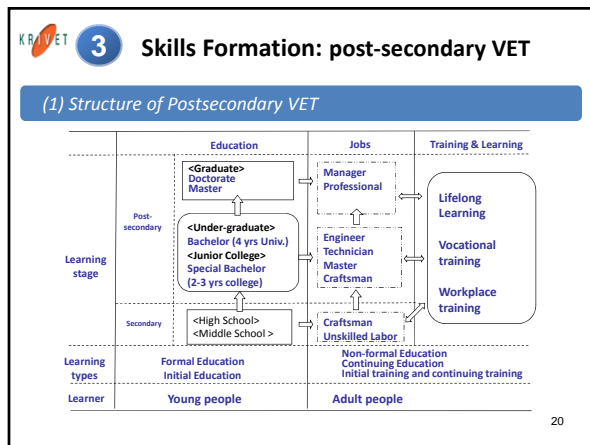
17



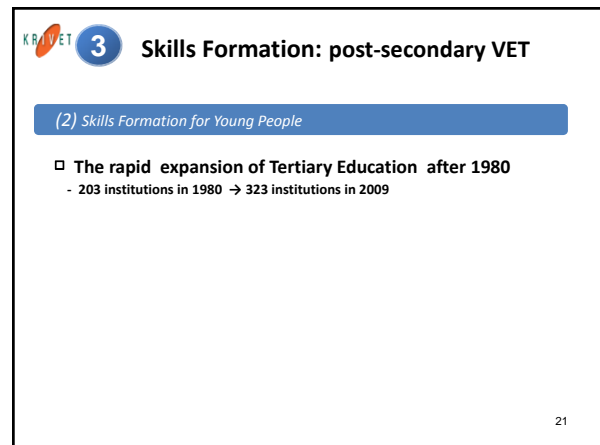
18



19



20



21

**3 Skills Formation: post-secondary VET**  
(2) Skills Formation for Young People

▢ Tertiary Education Situation

Years	Universities				Junior Colleges			
	Institution		Student/Faculty		Institution		Student/Faculty	
	National & Public	Private	National & Public	Private	National & Public	Private	National & Public	Private
1980	20	65	25.2	29.1	36	92	21.4	32.7
1990	24	83	24.5	34.7	16	101	28.1	46.2
2000	26	135	32.7	42.3	16	142	50.4	79.9
2009	26	151	31.7	37.9	10	136	55.1	61.3

Source: Ministry of Education, Science and Technology, Statistical Yearbook of Education, various years.

22

**3 Skills Formation: post-secondary VET**  
(2) Skills Formation for Young People

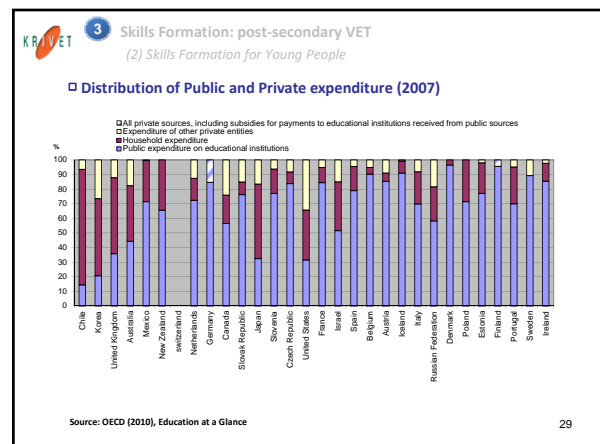
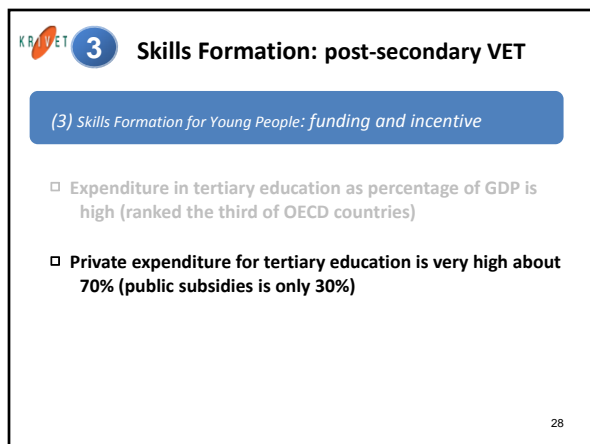
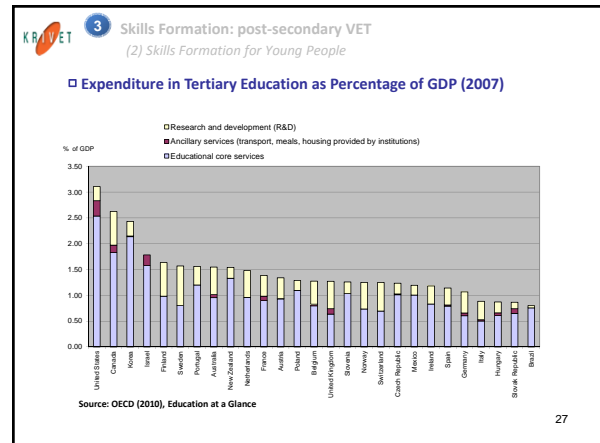
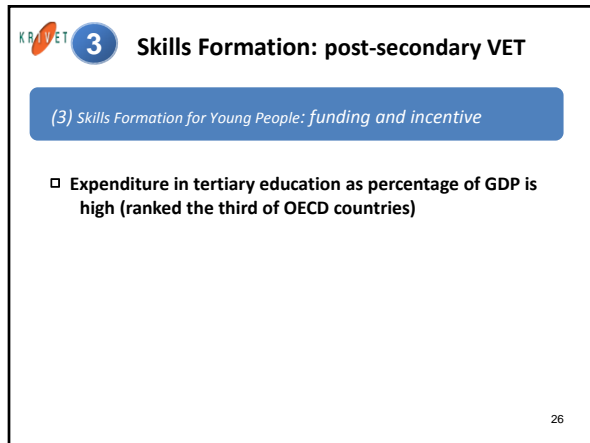
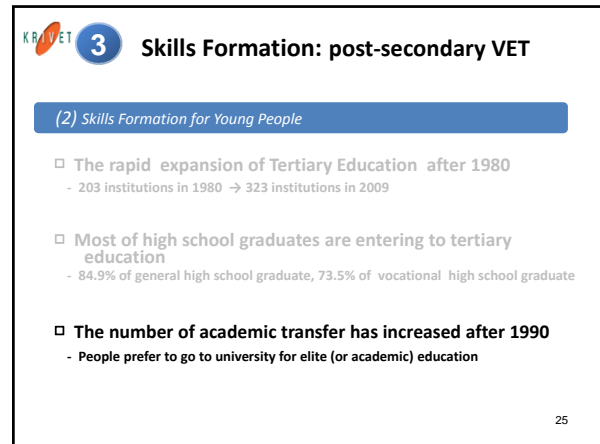
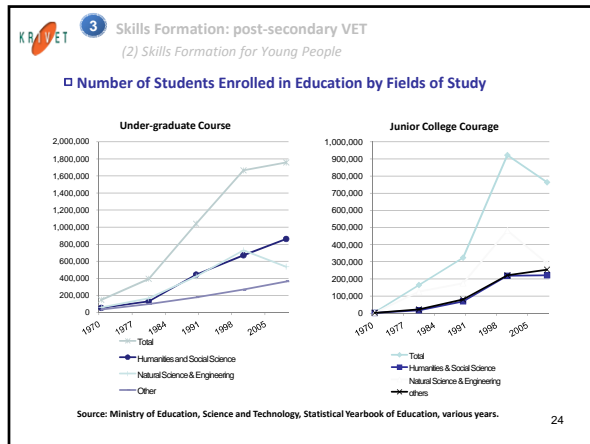
▢ The rapid expansion of Tertiary Education after 1980

- 203 institutions in 1980 → 323 institutions in 2009

▢ Most of high school graduates are entering to tertiary education

- 84.9% of general high school graduate, 73.5% of vocational high school graduate

23

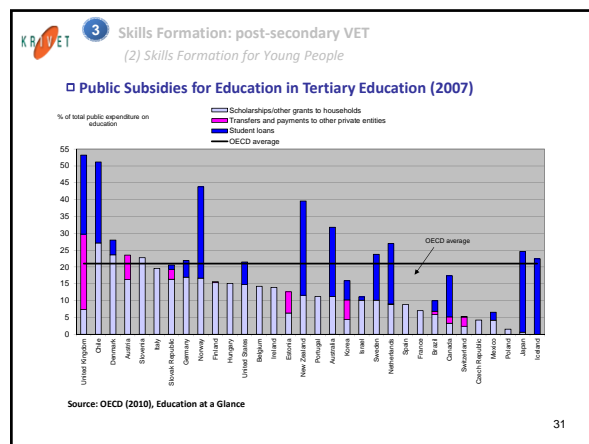


**KRAVET 3 Skills Formation: post-secondary VET**

**(3) Skills Formation for Young People: funding and incentive**

- Expenditure in tertiary education as percentage of GDP is high (ranked the third of OECD countries)
- Private expenditure for tertiary education is very high about 70% (public subsidies is only 30%)
- Investment in tertiary education by students and parents is high

30



**KRAVET 3 Skills Formation: post-secondary VET**

**(2) Skills Formation for Young People: efforts for quality assurance**

- Structural reform of university for strengthening competitiveness
- Expansion in support for tuition and expenses
- Integrating national universities

■ Quick expansion of tertiary education by the private sector  
 ■ High rates of student transfer between universities  
 ■ High expenditure in tertiary education and low public subsidies

32

**KRAVET 3 Skills Formation: post-secondary VET**

**(3) Skills Formation for Adults: access and participation**

- The demand of learning for adults is continuously increasing
  - Learning programs of private sector are on an increase
  - Rapid increase of private training institutions

33

**KRAVET 3 Skills Formation: post-secondary VET**

**(2) Skills Formation for Young People**

**Increasing Upgrade Training, Decreasing Initial Training**

Year	Total	Employee Training (continuing training)	Training for the Unemployed (continuing + Initial)	Public Training (Initial Training)
2005	100 (9,767)	39.2	28.9	32.1
2006	100 (10,516)	46.2	31.0	23.0
2007	100 (12,393)	47.3	29.6	23.2
2008	100 (12,576)	50.3	26.9	23.0
2009	100 (15,126)	49.4	30.8	19.9

Source: MOEST (2010), Internal Document.

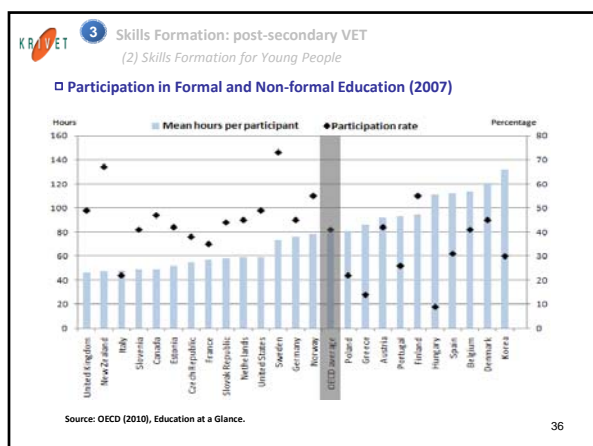
34

**KRAVET 3 Skills Formation: post-secondary VET**

**(3) Skills Formation for Adults: access and participation**

- The demand of learning for adults is continuously increasing
  - Learning programs of private sector are on an increase
  - Rapid increase of private training institutions
- Participation in formal and/or non-formal education is very lower than other OECD countries

35



36

**3 Skills Formation: post-secondary VET**

(3) Skills Formation for Adults: access and participation

- The demand of learning for adults is continuously increasing
  - Learning programs of private sector are on an increase
  - Rapid increase of private training institutions
- Participation in formal and/or non-formal education is very lower than other OECD countries
- Participation of SMEs in vocational training is very lower than that of LEs (over 300 employees)

37

**3 Skills Formation: post-secondary VET**  
(2) Skills Formation for Young People

□ Low Participation of SMEs in Vocational Training

Year	Total	Less than 300 employers	More than 300 employers
2003	23.2	5.4	69.7
2004	26.4	8.0	77.4
2005	30.1	9.9	87.0
2006	34.1	13.5	90.1
2007	39.5	18.3	97.5
2008	42.7	22.0	99.1

Source: MOEL (2009), Labor White Paper.

38

**3 Skills Formation: post-secondary VET**

(3) Skills Formation for Adults:  
- funding and the effort of quality assurance

- Budget for LLL is not sufficient, and budget for vocational training is very stiff for execution
  - funding of vocational training is based on the levy-grant system in the Employment Insurance.
- Efforts for expanding LLL
  - introducing Lifelong Learning Accounts
  - learning outcome evaluation certificate
  - the expansion of the opportunities of learning
  - lifelong learning in school
  - lifelong education specialist training

39

**3 Skills Formation: post-secondary VET**

(3) Skills Formation for Adults:  
- funding and quality assurance

- Strengthening vocational training
  - Vocational Skills Development Accounts
  - provider-oriented vocational training
  - lifting barriers to entry for the training market
  - support for off-the-job training
  - infrastructure of job skills development

40

**4 Skills Circulation: market/skills signals**

(1) Linkage between VET and the Labour Market

1. Smoothing transition from school to work: Skills circulation for youth
2. Smoothing transition from work to work, and unemployment to work: skills circulation for adults
3. Retirement: leaving the world of work, but continued learning requirements is needed at the aging or aged society

<Linkage System>

- ☞ Qualification (degree) and Recognition: Skills Signal
- ☞ SHRDC and NCS: Market Signal
- ☞ Career Guidance: Signal, Consulting

41

**KRAVET 4 Skills Circulation: market/skills signals**

**(2) Qualification System: Skills signal**

1. Emphasis is being given on the administration of test
2. Little linkage with the curriculum of postsecondary VET
3. Lack of linkage with Skills Standard
4. Little amendment of skills on certificate on the ground of evaluation and monitoring
5. Fail to collect and disseminate skills information

- Function of skills signaling is very weak
- Linkages with recognition system is yet to develop

42

**KRAVET 4 Skills Circulation: market/skills signals**

**(3) Delivery System of the Labour Market Needs: market signal**

□ Issue and Problem

1. Concentrate on specific industries such as engineering
2. Weakness in the collection and analysis of the information
3. No steering function for the cooperation among government ministries

- Circulating the qualitative or quantitative information in the labor market is very limited
- Absence of the linkage between postsecondary VET programmes and labor demands of employers

43

**KRAVET 4 Skills Circulation: market/skills signals**

**(4) Career Guidance**

□ Career Guidance with the Linkage Device

1. Individual career counselling for students and adults
2. Provide better information about the labour market and VET

□ Structure of Career Guidance in Korea

1. Central government's career guidance: MOEST and MOEL
2. Career guidance of local governments and schools
3. Employment security centers: mainly for adult, MOEL
4. Private companies

44

**KRAVET 4 Skills Circulation: market/skills signals**

**(4) Career Guidance**

□ Issues and Problems

1. Implementation of Lifelong Career Development is divided by the MOEST and the MOEL
2. Career guidance and counselling are seldom based on the labour market information
3. The privatization of career guidance may be needed for the development of postsecondary VET
4. Strengthening linkages among local governments-universities – SHRDC (industry-based systems)

45

**KRAVET 5 Policy Issues**

**1. Re-orientation of tertiary education system**

- Rebuilding with research-intensive University and profession-oriented (or vocation-oriented) teaching university
- Junior colleges to be re-established as the locus of lifelong learning for the local community


46

**KRAVET 5 Policy Issues**

**2. Consolidation of Quality Assurance**

- Junior Colleges can connect industry experts with schools for skills formation
- Vocational skills development system to be reshaped as a demand-oriented system, and reform the SHRDCs to support workplace training


47

 **5 Policy Issues**

**3. Rebuilding Information System**

- Rebuilding EMI(education market information) system, which consists of education services and skills signals (qualification, degree etc.)
- Rebuilding LMI(labour market information) system , which consists of qualitative and quantitative elements
- Rebuilding information system that could buttress related systems such as SHRDCs, NCS, qualification, career guidance service, and VET program.


48

 **5 Policy Issues**

**4. Rebuilding Funding System**

- Rebuilding the levy-grant system for the new skills formation of youth and the elder (separate it from Employment Insurance system)
- Reform the levy-grant system to co-finance costs by the tri-partite of the government, firms, and employees.


49

 **5 Policy Issues**

**5. Maximizing Leverage on Private Sector Suppliers**

- Expending the Lifelong Learning Accounts and Skills Development Accounts
- Allowing private sectors to provide career guidance services for the high-skilled positions

50



**Thank you!**