

A Scheme for Improving HRD for a Flexible Labour Market

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I. Overview

Companies are expected to adapt themselves to the rapid change of business environment of increasing flexibility in industrial organization in order to maintain and improve business competitiveness in changes of the economic environment. This improvement of flexibility in labour market is also a matter of agreement between the IMF and the government.

Flexibility in labour market generally leads to some problems, such as: employment insecurity caused by the increase of underemployment, which results from employment adjustment according to business fluctuation, dual structure of labour market, and high layoff rate due to mobility in labour market. In short, flexibility in the labor market causes problems such as employment instability and increase of the semi-unemployed.

Accordingly, it is necessary to improve working competency as a basic solution to prevent unemployment and to set up plans to vitalize vocational competency development oriented for workers, especially those who are employed.

The ultimate goal of this study is to draft a plan for invigorating a vocational competency development, with its focus on the workers in employment, in order to solve structural unemployment caused by flexibility in labour market as a result of changes in the economic environment.

II. Contents

The main content of the study begins with Chapter II and III dealing with theoretical

argument on changes in the economic environment and on flexibility in the labour market. In chapter IV, the progressive increase of flexibility in the labor market since the financial crisis is analyzed. It is also examined, in this chapter, how flexibility indicators, such as employment adjustment, have been conformed with flexibility in labour market. In Chapter V, plans now implemented by EU nations to invigorate vocational competency development for workers are examined. Chapter VI and VII deals with unemployment policies focusing on vocational competency development and activation plans for vocational competency development for incumbent workers to adapt to increasing flexibility in the labour market.

III. Activation Plans for Vocational Competency Development

The summary of courses and specific plans presented for the improvement of vocational competency development are as follows:

First, transition from employer-oriented support to worker-oriented, self-initiated education and training for skill improvement should be made.

Second, with the transition to the system carried under the Vocational Training Promotion Act, it is desirable to switch to high-skill, high-technique education & training from low-skill training.

Third, vocational competency development for workers in small-and- medium-sized companies should be activated and strengthened.

Fourth, mental reorientation among labour and management is needed for the institutionalization of education and training leave system to strengthen international competitiveness and to advance workers' skills.

Under the above improvement courses, the following improvement plans are presented:

First, to increase beneficiaries of active labour market policies, such as vocational competency development, the budget that is for working competency improvement should be increased out of total unemployment policy budgets.

Second, vocational training for incumbent workers should be activated to ease their concern about employment insecurity. Job adjustment or job-switch training that was

abolished in July, 1998 should be restored and operated more actively in order to improve job competency of workers expecting to retire. The application of the policy needs to be extended to employment maintenance support, vocational competency development, expansion of stable social network, and other various sides to attain job security and working competency improvement for middle-aged or aged workers, youths, and vulnerable workers.

Third, the improvement of working competency by introducing a system, such as Work Trials that are being carried out in England, should be considered. A plan that is able to connect employment with unemployment by preparing a ground which provides an opportunity to demonstrate competencies should also be thought of.

Fourth, the leave system for education and training needs to be introduced more actively by reducing working hours to improve workers' skills. This would build up the system that is able to secure the opportunities for continuing education and vocational competency development among incumbent workers. This will ultimately establish the society of lifelong education conforming with flexibility in labour market.

Fifth, education and training support system for the unemployed should be reorganized. Also, self-planning based on respective unemployment periods be prepared by job-seekers to escape the unemployment pool. Furthermore, by establishing a counseling force on each vocational competency, career management and career development of individual workers can be supported .

Sixth, continual, comprehensive discussion on unemployment policy in long-term period should be made to cope with economic environment change such as EU's labour policy guideline. A system construction is needed to ensure the opportunities for vocational competency development in order to acquire self-initiated continuing education conforming with flexibility in labour market. Also, specific practicing plans should be presented on the respective levels of individuals, government, and companies.

Seventh, the mismatch of job competency, especially that of labour market, should be solved. Vocational education and training should be enhanced in order to train workforce to comply with industrial demands of knowledge information society. Then, the mismatch between job competencies and careers can be minimized.