

A STUDY OF THE RISE IN YOUTH UNEMPLOYMENT PROBLEMS IN SOUTH KOREA
AND ITS CONSEQUENCES

Miss Kamonnat Sirinalinrat



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การศึกษาปัญหาการเพิ่มขึ้นและผลกระทบของการว่างงานในเยาวชนของประเทศเกาหลีใต้



วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต

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ลิขสิทธิ์ของจุฬาลงกรณ์มหาวิทยาลัย

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การวิจัยนี้มีวัตถุประสงค์ 1) เพื่อศึกษาภาพรวมของการว่างงานของเยาวชนประเทศเกาหลีใต้ 2) เพื่อศึกษาสถานการณ์ของปัญหาของการว่างงานของเยาวชนประเทศเกาหลีใต้ในปัจจุบัน 3) เพื่อวิเคราะห์ว่าปัญหาของการว่างงานของเยาวชนของประเทศเกาหลีใต้ส่งผลกระทบต่อประเทศเกาหลีใต้ในระดับบุคคล, ครอบครัว, สังคม, และเศรษฐกิจของประเทศอย่างไรบ้าง.

ผลการวิจัยพบว่า ประเทศเกาหลีใต้เป็นประเทศที่มีอัตราการว่างของเยาวชนอยู่ในระดับต่ำเมื่อเทียบกับสมาชิกประเทศในกลุ่ม OECD แต่ในทางกลับกันประเทศเกาหลีใต้เองก็มีอัตราของการทำงานของเยาวชนอยู่ในระดับต่ำเช่นกัน ซึ่งสถิติดังกล่าวสะท้อนให้เห็นว่า อัตราการว่างงานนั้นไม่สามารถสะท้อนสถานการณ์ของตลาดแรงงานของเยาวชนในประเทศเกาหลีใต้ได้ แม้ประเทศเกาหลีใต้จะถูกจัดอันดับให้อยู่ในประเทศที่มีความก้าวหน้าทางด้านเศรษฐกิจลำดับที่ 11 ของโลก แต่ในปัจจุบันประเทศเกาหลีใต้กำลังประสบปัญหาด้านสถิติประชากร ซึ่งจากสถิติประเทศเกาหลีใต้มีอัตราการเกิด (TFR) ในระดับที่ต่ำมาก และมีการพยากรณ์ว่าประเทศเกาหลีใต้จะเป็นประเทศที่เข้าสู่สังคมผู้สูงวัยในอัตราที่เร็วที่สุดในโลกภายในปี 2050 ซึ่งปัญหาเหล่านี้ล้วนมีความเกี่ยวพันมาจากผลกระทบของการขาดแคลนงานในตลาดแรงงานสำหรับเยาวชนอายุระหว่าง 15-29 ของประเทศเกาหลีใต้.

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KAMONNAT SIRINALINRAT: A STUDY OF THE RISE IN YOUTH UNEMPLOYMENT PROBLEMS IN SOUTH KOREA AND ITS CONSEQUENCES. ADVISOR: ASST. PROF. PATAPORN SUKONTAMARN, Ph.D., 79 pp.

This research aimed 1) To understand the overall trend of youth unemployment in South Korea 2) To study the current youth unemployment problems in South Korea 3) To analyse the consequences of South Korea's youth unemployment problems for individuals, families, society and national economy.

The high youth unemployment rate is not only rising in South Korea, but also around the world since the economic crises, including the 1997 Asian financial crisis and 2008 Global financial crisis. Comparing South Korea's youth unemployment rate with other countries, South Korea's youth jobless rate appears to be relatively lower than other OECD members. Nevertheless, the low level of youth unemployment in South Korea is also a cause for concern due to the "actually-felt rates" of youth unemployment being excluded from the official unemployment rate of South Korea. The current high youth unemployment rate for people in their 20s contains unique characteristics not found in older generations. For example, a large number of South Korean youth with higher education backgrounds have been facing a current lack of opportunity to enter the labour market. Moreover, the continuing drop in South Korean youth employment is soon likely to become a factor that accelerates the country's Total Fertility Rate, or TFR, and aging society, since there are statistics that confirm that many of the younger generations delay marriage and starting families.

Field of Study: Korean Studies

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CHAPTER I

INTRODUCTION

"Joseon", or the Kingdom of Joseon, was the name of the Korean Kingdom in the past before the first Republic of South Korea was formally established on August 15, 1948. Nevertheless, nowadays "Hell Joseon" or Hell Korea (Korean: 헬조선) is the new name that Koreans disconsolately call their country. It is the most well-known and widely used name among South Koreans, particularly Korean teenagers, who use it in South Korean internet communities. Hell Joseon is the new term that Koreans use sarcastically to refer to South Korea as "the place that is close to hell to live in" (Jhoo Dong-chan 2015). The term symbolises the current state of Korean society and Korean socioeconomics today. According to a recent online survey among young people in South Korea, JTBC, a nationwide general cable TV network and broadcasting company in the country, reported that 88 percent of young people out of over 21,000 polled responded that they would like to leave South Korea due to the hate and shame they feel for their country and also being ashamed of being Korean. It turns out that a large number of South Korean youth are experiencing various societal problems that affect their level of satisfaction for life in South Korea.

The younger generations in South Korea are facing a rapidly worsening unemployment crisis, with the youth unemployment rate in South Korea reaching a

15-year high in 2015. According to National Statistics Korea, the number of unemployed young South Koreans¹ reached 410,000, or approximately 10%, in the first half of 2015, which is the highest youth unemployment rate since 2000 when South Korea was still reeling from the aftermath of the 1997 Asian financial crisis (Claire Lee 2015). The high youth joblessness rate in South Korea demonstrates the structural imbalance of the Korean economy, which has been faced with the long-term effects of the restructuring of South Korea's economy in late 1997. Therefore, a large degree of people in their 20s in South Korea nowadays with jobs have continued to decline even though a decade has passed since the crisis. This is unseen by the older generations due to South Korea having not experienced such a huge rise in unemployment for the past thirty years (Soonman Kwon 2001).

The youth unemployment problems have become the government's policy priority, with Park Geun Hye administration's 70 percent employment roadmap. Statistics show that the government's ambition to tackle youth unemployment has not been effective. The situation remains anything but rosy for young job-seekers in South Korea (Yoo Bin Kim 2013). Moreover, the continuing drop in South Korean youth employment is soon likely to become a factor that accelerates the country's Total

¹ In 2015, the youth population aged 9 to 24 was 9,610 thousand persons, which occupied 19.0 percent of the total population.


Fertility Rate, or TFR, and aging society, since there are statistics that confirm that many of the younger generations delay marriage and starting families.

1.1 Research Background

Due to rapid development and reconstruction after the Korean War (1950-1953), South Korea was often regarded as a model for economic development because of its long period of rapid economic growth. Among the many momentous events in South Korea, the 1997 Asian financial crisis shocked the entire nation. The Korean economy was bailed out by the International Monetary Fund (IMF) in December 1997 (Soonman Kwon 2001). The impact of this economic crisis impacted economic and social development. The financial crisis humbled South Korea into borrowing \$57 billion from the International Monetary Fund in order to save the nation from bankruptcy (Andrew Eungi Kim and Innwon Kim 2006). Four years later, South Korea was able to pay off its loan to the IMF. Nevertheless, the economic crisis was a significant turning point in both economic and social sectors of South Korea.

After the low unemployment rate due to industrialisation during the Park Chung Hee regime (the 1960s), the financial crisis in 1997 was regarded as another turning point in the Korean Labour market. Before the 1997 financial crisis occurred, the Korean labour market was near full-employment status (Chul Hwan Kim and Kyung Ho Lee 1992) and maintained its low unemployment rate of approximately 3%, a mark held since the 1980s. However, the level of unemployment changed drastically to 7% in

1998, which was the highest since the industrialisation campaign in 1966, due to labour market restructuring and a massive layoffs policy. During the 1997 Asian financial crisis, a massive restricting of the Korean labour market was implemented. This policy led to a drastic reduction in employment, mostly of regular workers at large companies, which was driven by the International Monetary Fund, the Korean Government and various conglomerates (Figure 1).



YEAR	No. of employed workers (in thousand)	No. of unemployed workers	Unemployment rate (%)
1966	8,325	632	7.1
1970	9,617	445	4.4
1975	11,691	501	4.1
1980	13,683	748	5.2
1985	14,970	622	4.0
1986	15,505	611	3.8
1988	16,869	435	2.5
1990	18,085	454	2.4
1991	18,649	461	2.4
1992	19,009	490	2.5
1993	19,234	571	2.9
1994	19,848	504	2.5
1995	20,414	430	2.1
1996	20,853	435	2.0
1997	21,214	568	2.6
1998	19,938	1,490	7.0
1999	20,291	1,374	6.3
2000	21,516	913	4.1
2001	21,572	845	3.8
2002	22,169	708	3.1
2003	22,139	777	3.4

Figure 1 Unemployment Rates in Selected Years

Source: National Statistical Office, Employment Patterns (National Statistics Office)

According to the massive layoffs policy agreement for overcoming the economic crisis, all age groups were affected by job elimination. By the way, several years later, the decline in the overall unemployment rate to 3.1% in 2002 looked impressive, but the rising youth unemployment rate still represented a large gap between adult employment compared to youth employment. In fact, youth unemployment rates were at risk prior to the crisis since the college attainment rate continued to grow since the 1990s. This trend mismatched supply and demand in the labour market. Unlike the 1997 financial crisis, the outcomes for a more flexible labour market led to a significant effect on the lower unemployment rate for South Korean youth in the long run (Figure 2).

(Unit: thousand people)

	1998	1999	2000	2001	2002	2003	2004	2005
Total	1,490	1,374	913	845	708	777	813	833
Youth	655	574	402	388	341	383	391	366
High School Graduate or Below	487	425	281	261	218	239	246	225
College Graduate or Above	168	149	121	127	123	143	145	141

Figure 2 Changes in Youth Unemployment by Educational Background

Source: NSO (National Statistics Office), “Economically-Active Population”

When the economy began to recover, the government and Chaebol, a large family-owned business conglomerate in South Korea, rebounded nicely. However, a large number of South Korean youth still experienced a drop in the number of jobs as well as a slow recovery regarding regaining employment. Kim Soo Hyun, a researcher

at the Seoul Institute, claimed that the Asian financial crisis had a long-lasting impact on Korea's job market. Hence, high joblessness among the South Korean youth has not changed significantly, even a decade after the crisis. According to statistic by the National Statistics Korea, the number of unemployed among South Koreans in their 20s stood at 410,000 in 2015, which was the highest youth unemployment rate since 2000, a 15-year high in South Korea (Claire Lee 2015). Moreover, South Korea's deepening youth unemployment crisis is affecting other Korean societal issues such as the declining birth rate, which is the highest among OECD countries. South Korea could become the world's oldest country by 2045 (Gwynn Guilford 2013).

1.2 State of the problems

The high youth unemployment rate is not only rising in South Korea, but also around the world since the economic crises, including the 1997 Asian financial crisis and 2008 Global financial crisis. Comparing South Korea's youth unemployment rate with other countries, South Korea's youth jobless rate appears to be relatively lower than other OECD members (Kim Joon Young 2012) (Figure 3). Nevertheless, the low level of youth unemployment in South Korea is also a cause for concern due to the "actually-felt rates" of youth unemployment being excluded from the official unemployment rate of South Korea. It is an indication that, despite international comparison of the South Korean youth unemployment rate being relatively low, the data does not reveal the actual severity of the youth problem in South Korea.

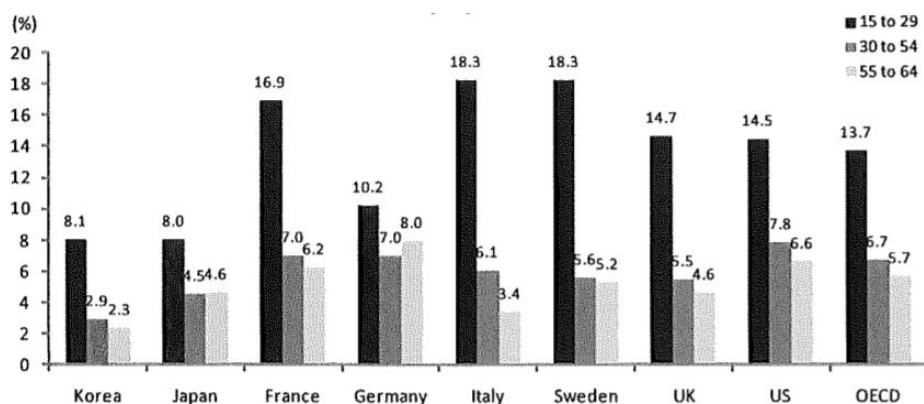


Figure 3 Unemployment rate in OECD Countries (2009)

Source: OECD, Labour Force Statistics

Furthermore, the current high youth unemployment rate for people in their 20s contains unique characteristics not found in older generations (Jae Hoon Han 2015). For example, a large number of South Korean youth with higher education backgrounds have been facing a current lack of opportunity to enter the labour market due to imbalance between the demand and supply of the labour market. The continued decrease in the employment rate of youth aged between 15 and 29 (Figure 4) has pushed many young graduates to long spells of unemployment or jobs with low pay and likely employment instability (Byun Yang-gyu 2012).

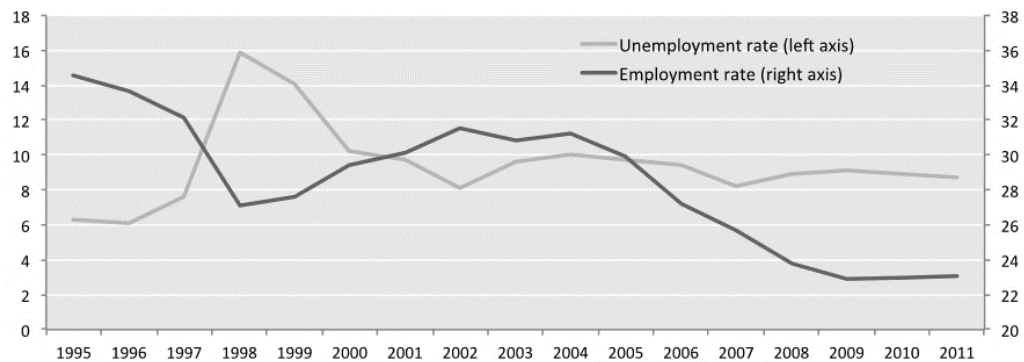


Figure 4 Trends in youth unemployment and employment rates from 1995 to 2011

Source: Republic of Korea, Development of National Employment Policies

through Two Economic Crises

According to the official and actually-felt rates of youth unemployment in South Korea and the unique characteristics of South Korean youth unemployment, the researcher was interested in studying how the overall trend of unemployment has affected South Korea, with focus on the hardest hit group in the South Korean youth population. The research also studies how the consequences of South Korea's youth unemployment problem affect South Korean individuals, families, society and national economic perspectives.

1.3 Research Objective

1. To understand the overall trend of youth unemployment in South Korea
2. To study the current youth unemployment problems in South Korea

3. To analyse the consequences of South Korea's youth unemployment problems for individuals, families, society and national economy

1.4 Research Question

1. What is the current situation for youth unemployment in South Korea?
2. How do the youth unemployment problems affect South Koreans from the aspects of individuals, families, society and national economic perspectives?

1.5 Hypothesis

1. The supply-demand mismatch in the Korean labour market is a major factor raising concern about the labour market situation. Moreover, many firms in the Korean labour market are still not willing to hire young people as regular workers. Further, the lifetime employment culture is still a problem that leads to limited job availability.
2. According to the high youth unemployment, the severe job mismatch and limited job availability creates problems for South Korean youth aged 15-29 during the transition from school to the labour market. This issue leads to higher expectations among new graduates and the new trend of repeated job-seeking patterns is introduced to South Korean youth, especially for new college graduates.

3. Many South Korean youth and young college graduates still depend on their parents financially, even after graduation or marriage. This trend in South Korea has been more common since the worst youth unemployment crisis.
4. Nowadays, the Korean economy is facing pressure from the high rate of youth unemployment and rapidly changing demographic features of the population. The high youth unemployment problems have increased amid the major demographic issues in South Korea; the country's falling birth rates and aging society has spawned the new "N-give-up generation" phenomenon in Korean Society. People in their 20s and 30s are giving up the major milestones in their lives, including dating, marriage, childbirth, human relations, home ownership, personal dreams and hope, due to fact that they cannot land a decent job.
5. The increase in South Korean student loan debts surpassed US\$ 10 billion in 2015, raising concerns that the amount could build faster since college graduates do not have to pay the loan back right after graduation, but only after their income reaches a certain level. Because of high unemployment among South Korean youth, the late payment of student loans could soon turn into a huge problem for the Korean economy.

1.6 Scope of Research

This study focuses on the South Korea labour market since the 1960s as the background of the research, then moves on to the current situation in the South

Korean labour market and the effect of youth unemployment problems, especially for South Korean youth aged between 15 and 29 from the aspects of individuals, Families, Society and national economy perspective between late 1997 and 2016.

1.7 Significance of study

The results of the research will be used as a guide to improve or prevent the duplicated long-term impact on youth unemployment since the high youth unemployment rate is not favourable in South Korea.

1.8 Definition Terms

1. **Classification of “youth” in Korea:** The international perspective defines youth as workers aged between 15 and 24. However, South Korean “youth” are identified, as used by Statistics Korea and the Ministry of Labour, and classified as persons aged 15-29. In South Korea, at least 80 percent of graduates from middle school go to high school, while 70 percent of high school graduates enter university.
2. **Youth Unemployment rate:** This rate refers to the number of South Korean youth unemployed and aged between 15 and 29, expressed as a percentage of the Korean youth labour force. In South Korea, the younger generation of those “employed, unemployed in training or unemployed but looking for employment” is computed as a share of the economically-active population who are able to

work. The youth unemployment is calculated by dividing the total number of youth unemployed by the sum of total persons employed and unemployed aged between 15 and 29.

3. *The actually-felt rates:* This rate refers to the portion of discouraged job seekers in the Korean labour Market. The actually-felt rates were obtained by dividing the number of discouraged job seekers by the economically-active youth population, persons preparing for employment, idle persons and others in the labour force (Sohn Min-Jung 2010). In South Korea, the actually-felt rates were calculated by using the original data for the economically-active population provided by Statistics Korea.

4. *NEET:* this term stands for “Young people Not in Education, Employment, or Training”. Yoo Bin Kim claimed that NEETs are those who did not survive the labour supply competition, lost their will to find jobs and became discouraged workers (Sohn Min-Jung 2010). NEET have been obtained by dividing the unemployed and inactive not in education or training by the entire population of young people.

5. *South Korean Youth self-depreciation:* The social circumstances and barriers that South Koreans of younger generations are facing today are reflected from “Self-depreciating language”, such as the “spoon-class theory” that South

Korean youth use to differentiate their family status. (Sung-jin 2015) For example, “Golden spoon” (Korean: 금수저) refers to someone who was born into a wealthy family, while “Dirt spoon” (Korean: 흙수저) refers to someone who was born into a poor family. In the Korean language, these self-depreciating words and phrases comprise the slang that is widely used among and in South Korean Internet communities.

6. 880,000 Korean won generation (Korean: 88만원세대): In Korean, 880,000

The Korean won generation is one of the self-depreciating Korean languages in South Korea, which simply refers to an amount of money equal to approximately \$750 that non-regular, contract workers or even university graduates can expect to earn per month. The term 880,000 Korean won generation reflects the murderous nature of the job market after the 1997 Asian Financial Crisis (Steven Denney 2015).

7. N give-up generation (Korean: N 포기세대): In Korean, N give-up generation is Korean self-depreciating language that refers to the “Younger generation” who feel they must give up on the major milestones in life due to decent jobs seeming to disappear from the Korean labour market (Hyung-A Kim 2015).

CHAPTER II

REVIEW OF THE RELATED LITERATURE AND STUDIES

This chapter will present a literature review of content related to this study. The review of literature will be used as a basis for introducing the conceptual framework and analysing the results of the research questions. The topics include the following:

- Trends in youth unemployment since the 1960s
- South Korean labour market since the 1997 Asian Financial Crisis
- Two major economic crises on the Korean labour market
- The youth unemployment status in South Korea after the Global Economic crisis
- Effect of the economic crisis on the people of South Korea
- Not in Education, Employment, or Training (NEET) in South Korea
- Unemployment-related benefit systems in South Korea

2.1 Trends in youth unemployment since the 1960s

After the Korean War, which lasted on the Korean peninsula from 1950-1953, the peninsula was split into North Korea and South Korea along the 38th parallel.

Under the Division of two Koreas, South Korea was regarded as one of the poorest countries in the world. In the “Park era,” during the Park Chung Hee regime, South Korea enjoyed economic growth under the model of “Export-led growth,” leading to its characterisation as the “Korean Miracle” (Park Gil Sung 2004). Nevertheless, the Korean miracle ended in late 1997 when the economic crisis humbled South Korea. South Korea experienced the worst economic decline of its history at -5.3%.

Kim and Park did research on the “Changing trend of work in South Korea.” They claimed that, under President Park Chung-hee, the launch of the South Korea industrialisation campaign brought South Korea a very low unemployment rate, the lowest since the early 1960s. The unemployment rate fell to 3.2% in 1969 under the industrialisation campaign. The South Korean labour market maintained an unemployment rate between 3.2% - 4.5% in 1970, and the unemployment rate fell below 3% in the mid-late 1980s. Before the 1997 Asian Financial crisis took place, the unemployment rate in South Korea remained at a similar trend below the 3% mark from 1988 until 1997 (Andrew Eungi Kim and Innwon Kim 2006).

Kim and Lee conducted research on “Youth Unemployment in Korea.” They stated that South Korea youth unemployment during the period from 1966 to 1988 seemed to be not serious due to the fact that other countries were suffering more severe youth unemployment when comparing the South Korean youth unemployment rate with the other countries. In addition, the South Korean youth unemployment rate has not been particularly high compared to neighbouring and

industrialised nations (Figure 1). Nevertheless, there was some consideration of the increased number of young employed in South Korea due to statistics that showed that the youth unemployment rates in South Korea have been higher than the overall unemployment. Kim and Lee claimed that an export-led growth development strategy was the major force on the number of young employed due to the drastically increased demand of the manufacturing sector under the Park Chung-hee industrialisation campaign. Moreover, the economic recession after the second oil price shock and decline in the agricultural sector were also factors that contributed to the decrease in youth unemployment in South Korea. There was a dramatic expansion of college enrolments after the 1980s. As a result, the South Korean labour market experienced the first “Education-job mismatch” due to the rapid advancement of higher level education. Nonetheless, youth unemployment remained at around 7% during the early 1990s (Chul Hwan Kim and Kyung Ho Lee 1992) (Figure 5).



	1990	1995	2000	2005	2008	2009	2010
College Entrance Rate (%)	33.2	51.4	68.0	82.1	83.8	81.9	79.0
Number of College Graduates (1,000 persons)	258	324	464	526	534	547	540

Figure 5 Changes in the numbers of college graduates

Source: Educational Statistics, MEST

Since the South Korean economy was bailed out by the International Monetary Fund (IMF), there were huge effects on both the financial sector and social sector. Kim stated that, after the 1997 economic crisis, there was the era of “unemployment shock” in South Korea. In 1998, extensive layoffs occurred and unwanted workers were laid off, as implemented by the Korean Government, IMF and Chaebol Firms, which raised both adult or overall unemployment as well as youth unemployment as a result. According to the statistics, South Korea’s jobless rate climbed to 7.6% in July 1998 and reached a 30-year high of 8.6% in February 1999. On the other hand, the unemployment rates for the 15-29 age group in South Korea reached a record high of 20.8% in 1998, according to national statistics.

Extensive layoffs in 1988 and 1999 brought South Korea’s rapid economic recovery in 2000. The overall unemployment rate stood at 3.4%, while the unemployment of South Korean youth was 12% at the end of 2003, nearly four times higher than the adult unemployment rate. According to the characteristics of South Korea unemployment, the jobless rate among the young age group has always been higher than that of the adult age group (Figure 6). Nevertheless, economic restructuring caused by the 1997 Asian Financial crisis created a significant turning point for the young Korean generation. The high portion of youth unemployment and the proliferation of various forms of nonstandard employment showed the big gap in youth unemployment and adult employment in South Korea (Andrew Eungi Kim 2004).

Overall Unemployment Trend from 1998 to 2016



Youth Unemployment Trend from 1998 to 2016



Figure 6 Characteristics of the South Korea's unemployment trend

Source: Statistics Korea



Figure 7 Economic growth rate of South Korea

Source: Bank of Korea

2.2 South Korean labour market after 1997 Asian Financial crisis

South Korea enjoyed economic growth for more than three decades, starting in the 1960s. The Asian Financial crisis occurred in November 1997 and left a huge disaster in many countries, including South Korea. South Korea experienced the worst negative growth since 1970 at -5.3%. Stock values fell 54.6%, while the capita gross national product (GDP) dropped from \$10,000 to \$6,000. Land and house prices fell by as much as 20% and the bank burden on bad debts was at least 54%, etc. The 1997 Asian Financial crisis humbled South Korea into borrowing \$57 billion from the International Monetary Fund in order to save the nation from bankruptcy. South Korea was responsible for 100 percent of the loan repayment in 2001. However, the financial crisis brought about fundamental changes in Korean people's lifestyles, employment patterns, corporate culture, and worldviews (Andrew Eungi Kim 2004).

After the outbreak of the 1997 Asian Financial crisis, the International Monetary Fund took control of South Korea's macroeconomic policies. Since the financial crisis drove the country to the edge of national bankruptcy, the South Korean government lost control over policies such as interest and exchange rates. The International Monetary Fund and the Republic of Korea agreed to a number of measures aimed at promoting industrial restructuring and attracting needed foreign investment.

Cho and Keum stated that the financial crisis in 1997 made a significant impact on the Korea labour market due to massive restructuring and macroeconomic stabilisation programs such as the restructuring of Korean industries and firms massive

lay off policies. According to the agreement between the International Monetary Fund, the South Korean government and family-owned conglomerates or “Chaebol”, the implementation of a massive layoff policy was the first time that firms were given the right to lay off unwanted workers in case of “urgent managerial need” (Joonmo Cho and Jaeho Keum 2009).

The massive layoff policy in 1998 and 1999 led to the nation’s jobless rate reaching a 30-year high. According to statistics, two-third of the firms implemented “Cost-cutting measures” in order to cut non-essential costs. This trend related to the measures that allowed firms to cut back any unwanted workers, mostly regular workers, seasonal recruitment of new employees, employment of experienced workers instead of new college graduates and a preference to hire workers whenever needed. The Ministry of Labour reported that the 30 largest firms, financial institutions and public corporations implemented “cost-cutting measures” in order to save money by limiting their hiring and scaling down on the training of inexperienced recruits (Andrew Eungi Kim and Innwon Kim 2006) (Figure 8).

(Unit: thousand people)

	Oct. '97 (A)	Oct. '98	Oct. '99	Oct. '00	Oct. '01	Oct. '02 (B)	B-A
Total	1,573	1,407	1,321	1,319	1,234	1,247	-326
Top 30 conglomerates	939	807	762	761	708	703	-236
Public corps.	266	257	238	235	209	215	-51
Financial inst.	447	407	388	386	380	392	-54

Note: The total figure excludes double counts.

Figure 8 The hiring trend in major corporations

Source: Employment Insurance DB

Cho and Keum stated that, following massive corporate restructuring, the unemployment rate changed drastically from 568,000 before the 1997 financial crisis to 1,490,000 in 1998. In addition, total employment decreased from 21.2 million in 1997 to 19.9 million in 1998 (Figure 1).

2.3 Effect of two major economic crises on the Korean labour market

Before the 1997 Asian financial crisis, the Korean labour market had near full employment. However, two major economic crises, the 1997 Asian financial crisis and 2008 Global economic crisis, led the Korean labour market to face historically record-high unemployment.

Development of National Employment Policies through Two Economic crisis conduct research on “Two economic crises and labour market evolution”. As the 1997 Asian financial crisis and 2008 Global economic crisis originated from differences

sources, their effects on the Korean labour market were also different, as proven by the employment growth that responded to and the economic growth. During the 1997 Asian financial crisis, South Korea's GDP growth dropped -7.3% in the second quarter of 1998 and showed positive growth at the rate of 6.4% in the first quarter of 1999. The employment growth rate recorded an all-time low of -7.0 percent in the third quarter of 1998 and showed positive growth at the rate of 0.9% in 1999. Unlike in the 1997 financial crisis, the 2008 Global economic crisis affected the Korean economy in a different way. During 2008 Global economic crisis, South Korea's GDP growth dropped in the fourth quarter of 2008 and showed positive growth in the third quarter of 2009. The employment growth rate recorded negative growth at -0.6% in the first and second period of 2009, while showing positive growth in the third quarter of 2009. Therefore, employment during the 2008 Global economic crisis was not impacted as much as the overall economy. Further, the growth rate of employment recovered quickly (Figure 9).

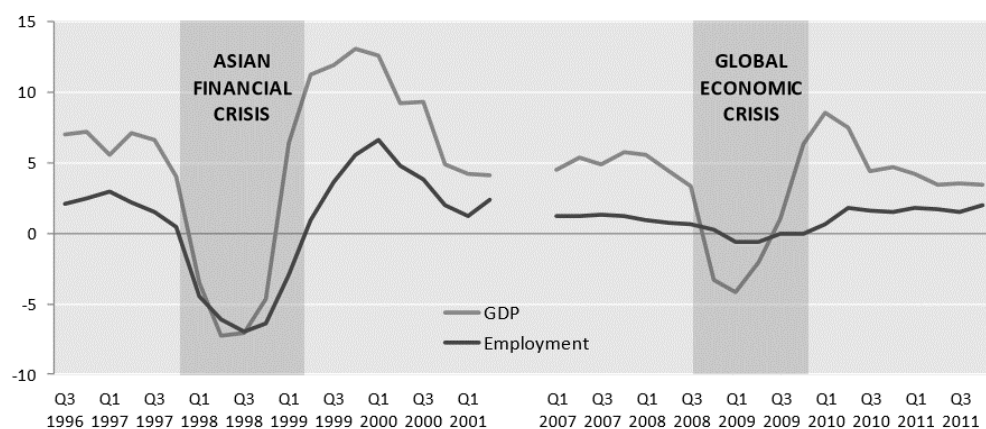


Figure 9 Employment adjustment to GDP growth

Source: Two Economic Crises and Labour Market Evolution

According to the different effects on the Korean economy caused by the 1997 Asian financial crisis and 2008 Global economic crisis, the differences can be attributed to the nature of the two crises and the corresponding response measures of the South Korean Government. At the time of the 1997 Asian financial crisis, massive restructuring in the Korean labour market was implemented. This policy led to a drastic reduction in employment. At the time of the 2008 Global economic crisis, “job-sharing”, involving the maintenance of jobs by cutting working hours and sharing duties, was implemented to avoid the large falls as much as the massive restructuring in Korean labour market in 1997 financial crisis.

Another difference between the two crises is the unemployment rate and the trend in economically-active participation. During the 1997 Asian Financial crisis, the unemployment rate rose to 8.4% in the fourth quarter of 1998 and declined gradually to 3.1% in the last quarter of 2001. However, the level of unemployment during the 2008 Global economic crisis did not respond as quickly as for the 1997 Asian Financial crisis. The unemployment rate grew to 3.9% in the second quarter of 2009. Unfortunately, there was a rise in the number of jobseekers as the economy entered into the recovery stage, with the joblessness rate rising to 4.3% in the fourth quarter of 2011 (Figure 10).

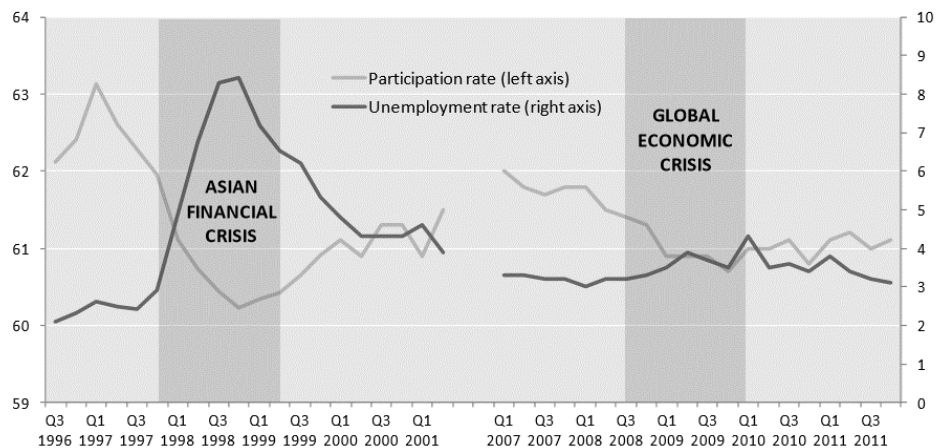


Figure 10 Quarterly economically-active participation rate and unemployment rate during two crisis periods (seasonally adjusted)

Source: Two Economic Crises and Labour Market Evolution

During the 1997 Asian financial crisis, the economically-active participation rate fell extensively due to the massive layoff policy, while the economically-active participation rate during the 2008 Global economic crisis did not fall as drastically as in the 1997 Asian Financial crisis due to the Korean government's effort through its job-sharing policy (Republic of Korea 2012).

2.4 The youth unemployment status in South Korea after the Global Economic crisis

The current situation of unemployment problems has increased sharply. Compared with the post-economic crisis period in South Korea, the current level of overall unemployment is similar to that in the early 2000s (Figure 11). Kim did research

on youth employment in Korea called Status and Policy options. The researcher claimed that, when considering the recent trend of unemployment by age group, the unemployment rate of South Korean youth situations deteriorated more than those of other groups (Kim Joon Young 2012). According to the recent trends of South Koreans by age group, the more serious is found in low youth employment rate and the high unemployment rate. Between 2008 and 2009, the global economic crisis further exposed the fragility of young people in the labour market worldwide, as well as in South Korea.



Year	Unemployment rate				Employment/population rate			
	All	15-29	30-54	55-64	All	15-29	30-54	55-64
2003	3.7	8.0	2.5	2.1	63.0	44.4	74.2	57.8
2004	3.8	8.3	2.6	2.2	63.6	45.1	74.4	58.5
2005	3.9	8.0	2.8	2.5	63.7	44.9	74.3	58.7
2006	3.6	7.9	2.6	2.4	63.8	43.3	75.0	59.3
2007	3.4	7.2	2.5	2.2	63.9	42.6	75.1	60.6
2008	3.3	7.2	2.5	2.0	63.8	41.6	75.3	60.6
2009	3.8	8.1	2.9	2.4	62.9	40.5	74.4	60.4
2010	3.9	8.1	2.9	3.0	63.3	40.4	74.7	60.9

Figure 11 South Korea's Unemployment and Employment by age group.

Source: Korea National Statistical Office

Nevertheless, the crisis of youth unemployment in South Korea cannot be explained only by the rise in unemployment. Soo did research on youth

unemployment in Korea called Challenges and Policy Options. The research claimed that, when comparing South Korea's youth unemployment to the other major OECD member nations, South Korea's youth unemployment level was among the lower ranking. However, the more severe problem is at the low level of South Korea's youth employment since it remains among the lower ranking in the OECD. Furthermore, the fact remains that the youth employment rate is on the decline, even when the youth unemployment rate decreases shown that the economically-inactive youth population is large at present, which is the major characteristic of youth employment problems in South Korea (Soo Kyeong Hwang 2011).

Kim claimed that there were three causes of youth employment problems, including the expansion in higher-educated young person, increasing unbalance between supply and demand in the youth labour market and potential youth unemployment. According to the Ministry of Education, Science and Technology (MEST) report, the rate of high school graduates advancing to college rose from 33.2% in 1990 to 79.0% in 2010. Therefore, the expansion in higher-educated young people is considered as one of the reasons that contribute to increasing economically-inactive youth population in South Korea. Furthermore, the expansion of tertiary education in South Korea is also a leading cause of the rise in mismatches between labour demand and supply in the South Korean labour market. Although the proportion of decent jobs in large business and government offices, which are highly-preferred by most college graduates, increased from 2004 to 2010 by 11.9%, it was still insufficient for absorbing

the large number of college graduates. Furthermore, the decline in sharing of the youth aged 15-29 among employees working at large business and government offices also suggests that the condition of youth employment has become increasingly worse (Kim Joon Young, 2011). In 2010, the share of youth employment in large and public establishments decreased by 5%, from 30.7% in 2004 to 25.7% in 2010.

2.5 Effect of the economic crisis on the people of South Korea

Kwon did research on Economic crisis and Social policy reform in Korea. She stated that the economic crisis in 1997 had an impact on both the Korean economy and social development. One of the effects of the 1997 economic crisis that South Koreans had not experienced for over three decades was “the huge rise in unemployment” (Soonman Kwon 2001).

Unemployment in South Korea had a greater social impact than what the statistics presented. Lim Mi jin and Kim Hye Mi wrote an article on “3 generations still depressed by Korea’s 1997 crisis.” They claimed that there were three generations impacted by the effect of the economic crisis in 1997, including the Baby Boomer generation, IMF generation and N give-up generation (Lim Mi-jin and Kim Hye-mi 2002). First, the Baby Boomer generation was born between 1949 and 1957. Baby Boomers experienced their first retirements or even losing their jobs since the crisis took place in South Korea. Secondly, the IMF generation were young adults when the 1997 Asian financial crisis created a drastically changed labour market. This generation includes

both new college graduates and students who had the bad luck of graduating when the crisis hit South Korea. A large number of the IMF generation lacked the opportunity to land a proper regular job due to the freeze in new hiring and the massive layoff policy. Moreover, the new generation of irregular or contract workers emerged in the pursuit of a more flexible labour market. Hence, the nature of employment during that period is also of concern. The proportion of daily and part-time workers increased from 14% and 28%, respectively, in 1995 to 18% and 33%, respectively, in 1999 (Figure 12). Therefore, many of this generation started off with jobs that they did not want to do, such as various kinds of irregular jobs they did only for money. Lastly, the N give-up generation is the current young generation. This generation is still being affected by the 1997 Asian financial crisis due to young workers having suffered the loss of employment opportunity and security in unemployment. Compensation for daily and part-time work is lower than for full-time workers in comparable tasks (Soonman Kwon 2001). The Korea Employment Information Service also stated that the labour demand and supply in the Korean labour market was found to be mismatched, which is the main reason for the current high unemployment rate.

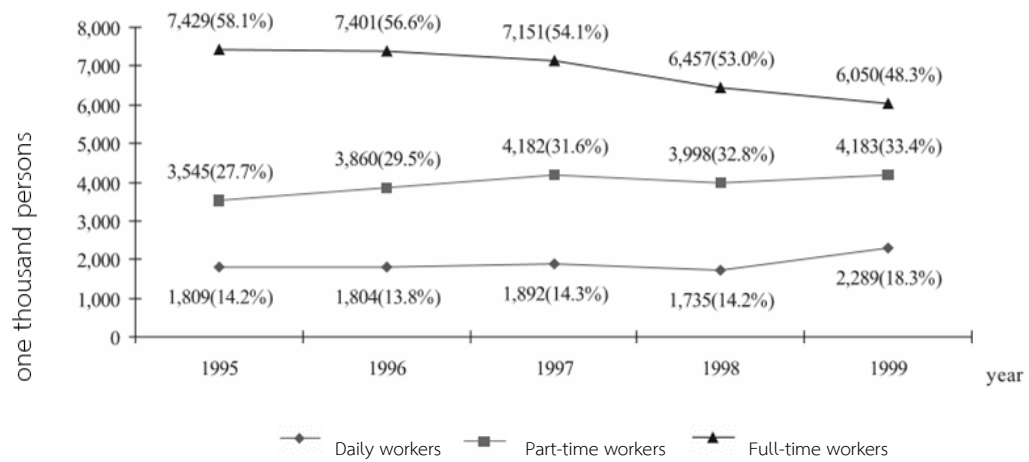


Figure 12 Trend in type of employment

Source: Ministry of Labour (2000). Labour statistics

South Korea was unaccustomed to high unemployment since it had enjoyed long decades of economic growth and the corporate culture of lifetime employment; workers employed by a company immediately after graduation worked for a company until reaching the age of retirement. Therefore, the labour market restructuring in 1998 and 1999 caused Korean people in their 20s to face high unemployment rates unseen by older generations (Sohn Min-Jung 2010). This harsh situation led the employment rate in South Korea to be relatively low compared to other OECD countries (Figure 13).

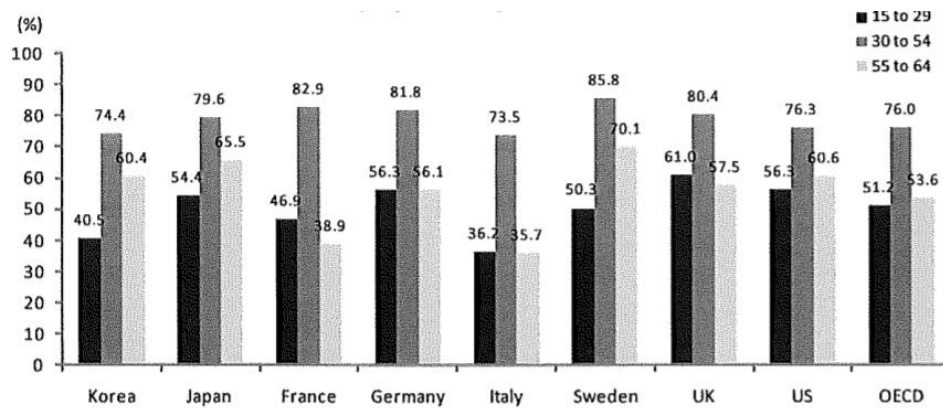


Figure 13 Employment/Population rate (OECD 2009)

Source: OECD, Labour force statistics

2.6 Not in Education, Employment, or Training (NEET) in South Korea

Jaeryang Nam, who wrote “NEET: status, determinants and exit factors”, also studied about Not in Education, Employment, or Training (NEET) in Korea: Status and Trends. “NEET” is an acronym for not in education, employment, or training. Therefore, youth or young people who are neither in education nor in training or work are classified as NEET. NEET was first used in the UK in 1999 to classify those between the ages of 16 and 18. Then, NEET was first introduced to Japan. Nevertheless, the concept of NEET in Japan refers to *unemployed youths* aged 15 to 34. In 2006, NEET was first used in South Korea. NEET in South Korea used a definition similar to that used in Japan and leveraged the data from the Economically-Active Population survey done by the National Statistics Office of Korea to present NEET statistics (Nam 2011).

Nam (2006) used the definition of NEET as: “individuals who in the past one week were a. not enrolled in any educational institutions; b. not engaged in work or

employed; c. not involved in household work or childcare; d. not married with a spouse; and e. aged between 15 and 34. He also used the Economically-Active Population survey to identify the status of and trends for youth NEETs. The reason for classifying NEET as unemployed for the previous 1 week instead of past 4 weeks is to enable comparison over a longer term.

For the trend of NEETs by year (In thousands, %), the number of NEETs rose from 1,148,000 in 2003 to 1,270,000 in 2005. Subsequently, the number of NEETs began to decline at the end of 2005. After 2005, NEETs declined to 1,233,000 in 2007, then rose again to 1,344,000 in 2010 (Figure 14). NEETs can be separated into the job-seeking group and non-job-seeking group. As in Figure 14, the amount of job-seeking group appeared to be different from the non-job-seeking group. The data shows that the number of non-job-seeking NEETs rose from 5.1 percent in 2003 to 7.3 percent in 2010, while the number of job-seeking NEETs dropped from 2.7 percent in 2003 to 2.6 percent in 2010.

	2003	2004	2005	2006	2007	2008	2009	2010
Population ages 15 to 34	14,759 (100.0)	14,504 (100.0)	14,162 (100.0)	13,937 (100.0)	13,787 (100.0)	13,696 (100.0)	13,618 (100.0)	13,545 (100.0)
NEETs	1,148 (7.8)	1,214 (8.4)	1,270 (9.0)	1,267 (9.1)	1,233 (8.9)	1,249 (9.1)	1,326 (9.7)	1,344 (9.9)
Job-seeking	397 (2.7)	407 (2.8)	397 (2.8)	386 (2.8)	343 (2.5)	331 (2.4)	353 (2.6)	349 (2.6)
Non-job-seeking	751 (5.1)	806 (5.6)	873 (6.2)	881 (6.3)	891 (6.5)	918 (6.7)	973 (7.1)	996 (7.3)
Non-NEETs	13,611 (92.2)	13,290 (91.6)	12,893 (91.0)	12,671 (90.9)	12,553 (91.1)	12,447 (90.9)	12,293 (90.3)	12,200 (90.1)

Figure 14 NEET Status by Year

For the trend of NEETs by gender, the proportion of male NEETs made up 67.6 percent in 2003, but decreased to 62.4 percent in 2010. Nevertheless, the proportion of female NEETs increased dramatically. When comparing non-job-seeking NEET's data in the mid of 1990s, the share of female NEETs rose to 37.6 percent in 2010.

	2003	2004	2005	2006	2007	2008	2009	2010
Men	508	523	544	540	554	573	614	622
	(67.6)	(64.8)	(62.3)	(61.3)	(62.2)	(62.4)	(63.1)	(62.4)
Women	244	284	329	341	337	345	359	374
	(32.4)	(35.2)	(37.7)	(38.7)	(37.8)	(37.6)	(36.9)	(37.6)
Total	751	806	873	881	891	918	973	996
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

Figure 15 Non-Job-Seeking NEET's by Gender

For the trend of NEETs by age, there was a sharp increase in the share of aged 25-29 group at 8.8 percentage points. The proportion of NEETs aged 25-29 rose from 26.5 percent in 2003 to 35.3 percent in 2010. In comparison, the other age groups of youth, 15-19 and 20-24, the data of those NEETs decreased at 3.3 percent and 8.1 percent, respectively.

	2003	2004	2005	2006	2007	2008	2009	2010
15-19	123	109	122	104	103	110	115	130
	(16.3)	(13.5)	(13.9)	(11.8)	(11.6)	(11.9)	(11.9)	(13.0)
20-24	335	359	383	361	325	318	339	365
	(44.7)	(44.5)	(43.9)	(41.0)	(36.5)	(34.6)	(34.9)	(36.6)
25-29	199	226	243	291	320	337	360	352
	(26.5)	(28.1)	(27.9)	(33.1)	(36.0)	(36.7)	(37.0)	(35.3)
30-34	94	112	125	125	142	154	158	150
	(12.5)	(13.9)	(14.3)	(14.2)	(15.9)	(16.7)	(16.2)	(15.0)
Total	751	806	873	881	891	918	973	996
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

Figure 16 Non-Job-Seeking NEET's by age

For the trend of NEETs by education level, the data shows the share of university or higher degree-holders increased. In comparison with high school graduates, the share of those in high school graduated declined from 63.6 percent in 2003 to 56.0 percent in 2010, while the share of NEETs with higher education rose from 16.3 percent in 2003 to 25.2 percent in 2010.

	2003	2004	2005	2006	2007	2008	2009	2010
Up to middle school	73	76	78	71	70	69	77	63
	(9.7)	(9.4)	(8.9)	(8.1)	(7.9)	(7.5)	(7.9)	(6.3)
High school	478	481	508	491	473	466	526	557
	(63.6)	(59.6)	(58.2)	(55.7)	(53.1)	(50.8)	(54.0)	(56.0)
College	78	102	118	122	118	147	144	125
	(10.4)	(12.6)	(13.6)	(13.8)	(13.2)	(16.0)	(14.8)	(12.6)
University	122	148	169	197	230	236	227	251
	(16.3)	(18.3)	(19.3)	(22.4)	(25.8)	(25.7)	(23.3)	(25.2)
Total	751	806	873	881	891	918	973	996
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

Figure 17 Non-Job-Seeking NEET's by education level

Source KLI, Korea Labour Institute

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The results show that the sharp rise in NEETs that started in the mid-1990s continued to 2010. Job-seeking NEETs mostly classified into the unemployed population. Nam claimed that the number of NEETs increased rapidly and steadily, irrespective of economic cycles, and such increase continued even after the mid-2000s, although not as rapidly (Nam 2011).

2.7 Unemployment-Related Benefit Systems in South Korea

The South Korean Employment Insurance System was set up in 1992 after there was dramatic labour movement across South Korea in 1987 due to political democratisation. To respond to a sharp increase in wages and the rise of unions, a new framework was needed to manage industrial relations. The “Employment Insurance System” began to consider setting up and was put into effect in 1995.

The South Korean Employment Insurance System involves not only traditional unemployment benefits, but also active labour policy measures designed to reduce the adverse effects of the benefits system on work incentives. These actions include job placement services and vocational training for unemployed persons (Kwan 2000). The South Korean Employment Insurance System comprises three main programmes, which are Unemployment Benefits, Employment Stabilisation Programme, and Job Skill Development Programme. The detailed structure of the Employment Insurance System is shown in Figure 18.

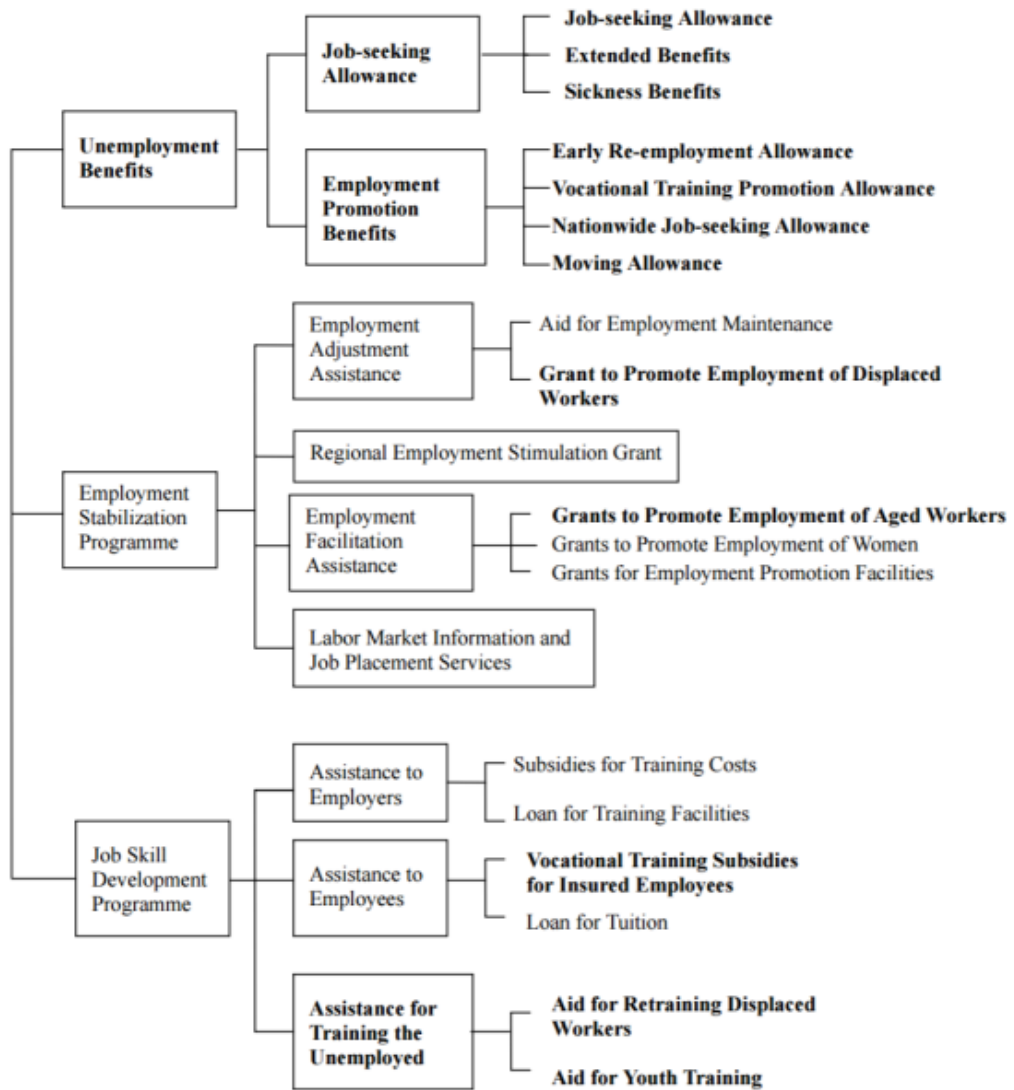


Figure 18 Employment Insurance System

Source: Research and Library Services Division Legislative Council Secretariat

1. Unemployment Benefits are aimed to provide cash benefits for unemployed workers to stabilise their livelihood while seeking the earliest reemployment. The benefits comprise the Employment Promotion Benefits and the Job-seeking Allowance.

2. The Employment Stabilisation Programme aims to enhance job security in the course of structural changes in industries and technologies. The Employment Stabilisation Programme contains four different schemes, which are Employment Adjustment Assistance, Employment Facilitation Assistance, Regional Employment Stimulation Grant, and Labour Market Information and Job Placement Services.

3. The Job Skill Development Programme aims to promote the competitiveness of enterprise, developing the quality of the workforce and providing incentives to individual companies to invest in vocational training. The Job Skill Development Programme comprises three different schemes, which are Assistance to Employers, Assistance to Employees and Assistance for Training the Unemployed.

CHAPTER III

CONCEPTUAL FRAMEWORK AND RESEARCH METHODOLOGY

3.1 Conceptual Framework

The conceptual framework in this study aims to give an explanation of the relations and interaction between the main youth unemployment causes and the outcomes of the consequences on South Korea in various perspectives. The researcher has defined a conceptual framework from analysing various factors in the review of related literature and studies section. In this study, the conceptual framework contains the main consequences of youth unemployment, as follows:

1. Causes of youth unemployment problems
2. Youth unemployment problems in South Korea
3. Consequences of youth unemployment problems on Individuals
4. Consequences of youth unemployment problems on Families
5. onsequences of youth unemployment problems on Society
6. Consequences of youth unemployment problems on National Economics

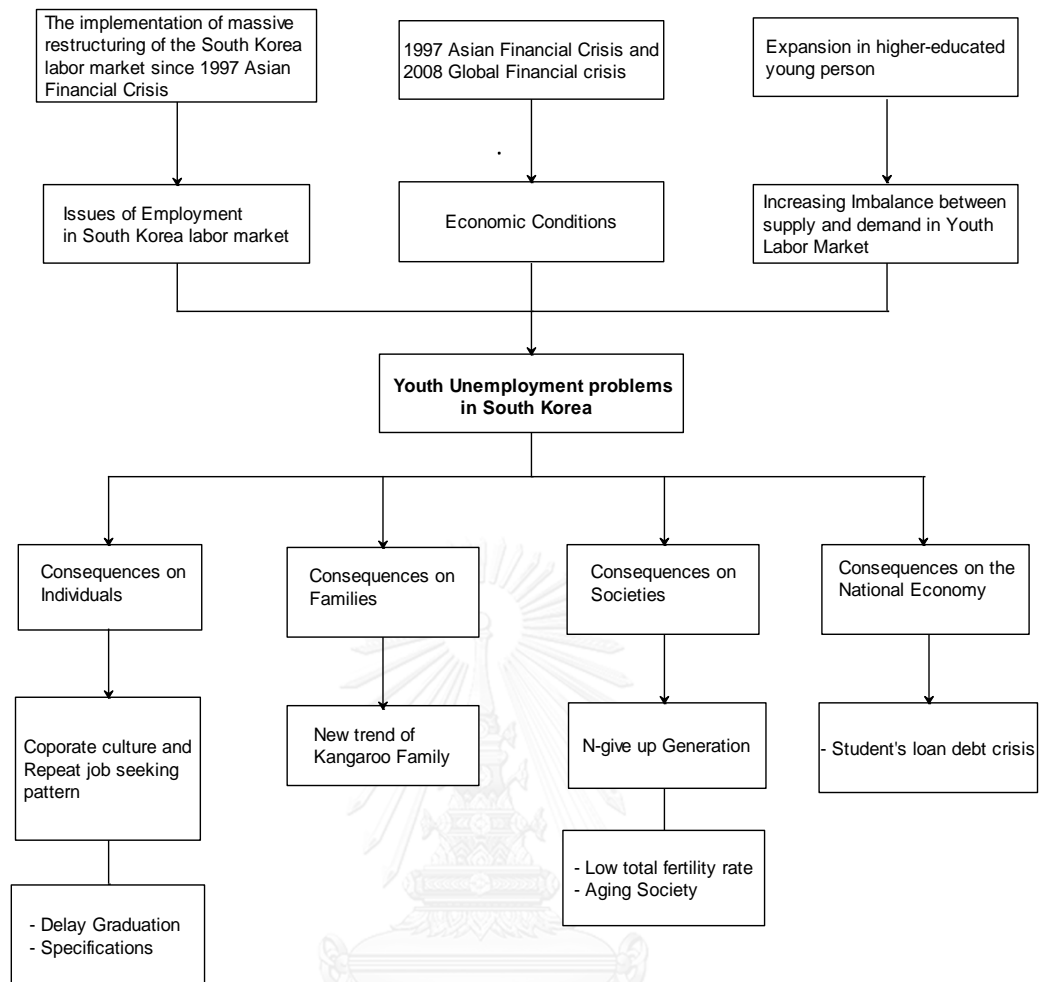


Figure 19 Conceptual Framework

1. Causes of youth unemployment problems

1.1 The implementation of massive restructuring in the South Korea labour market since the 1997 Asian financial crisis refers to the massive layoff policy, which led to extensive layoffs in the South Korea labour market in 1998 and 1999. This process refers to the “Firms’ cost-cutting measures” that companies or employers laid off their workers, preferring to employ experienced workers instead of hiring new

college graduates or seasonal recruitment of new hires. As a result, this policy led to a drastic reduction in employment.

1.2 According to the massive layoff policy, firms were allowed to freely lay off unwanted workers, which led to a historically high unemployment rate in South Korea. The national joblessness rate jumped to a record high of 8.6% in February 1999, a 30-year high. After the crisis, the economy began growing again in 2000. The overall unemployment rate showed signs of recovery, while the youth joblessness rate continued to rise. Moreover, there were rises in nonstandard employment trends in the Korea labour market, including daily hires, short-term contract workers, temporary workers and contingent workers.

1.3 Increased Imbalance in supply and demand in the labour market. Since the 1990s, there was a rapid increase in the supply of college graduates. However, according to the trends in the number of youth and its share in large and public establishments, most college graduates preferred to enter a large company or government office, while the small and medium-sized enterprises (SMEs) had difficulty finding workers and reducing employee problems.

2. The youth unemployment problems in South Korea

South Korean younger generations are facing a rapidly worsening youth unemployment crisis. The youth unemployment rate in South Korea reached a 15-year high in 2015. According to National Statistics Korea, the number of young,

unemployed South Koreans reached approximately 10% in the first half of 2015, which is the highest youth unemployment rate since 2000 when South Korea was still reeling from the aftermath of the 1997 Asian financial crisis.

3. Consequences of youth unemployment problems on individuals

South Korean Youth corporate culture and the job seeking patterns. According to the insufficiency of demand for high-quality college graduates, a large number of new college graduates must remain in repeated job-seeking status as the economically-active population.

4. Consequences of youth unemployment problems on families

The number of South Korean Youth in “Kangaroo Families”, those living off their parents or are not financially independent, is rising due to the worst unemployment crisis in South Korea’s history.

5. Consequences of youth unemployment problems on society

The high youth unemployment problems increase amid South Korea's major demographic issues; the country’s falling birth rates and aging society has created the new “N-give-up generation” phenomenon in Korean Society.

6. Consequences of youth unemployment problems on national economics

According to the significant increase in student loan debts, there is concern for the slowing South Korean economy. In 2015, student loan debts hit a record US\$ 10 billion, raising concerns that it could further strain the ailing South Korean economy.

3.2 Research Methodology

3.2.1 Research types

According to the definition of descriptive research, Bordens & Abbott (2010) claimed that “a descriptive study” is classified as one that attempts to systematically describe a situation, problem, phenomenon, service or program, or provides information about, say, the living conditions of a community, or describes attitudes towards an issue. Therefore, the instant research is a “descriptive study” since it describes a current social phenomenon, namely the long-term effect of the high youth unemployment crisis on Korea society.

According to the principal objective of this study, the researcher used the “descriptive method” in order to describe the major economic events in South Korea, the overall trend of the Korean labour market, and the causes and factors affecting youth unemployment in South Korea. In order to understand how the youth unemployment problems impact South Korea in various perspectives, the “analytical method” is used.

3.2.2 Data Collection

This research used a qualitative approach mainly for content analysis drawing on secondary sources, as follows:

- Collection of data from South Korean newspapers; koreajoongangdaily (Korean: 코리아중앙데일리); the subject of “Youth Unemployment” during 18 years

past; 1997-2016 in order to understand the previous and current situation of overall unemployment and youth unemployment in the South Korean labour market.

Collection of data from related research and surveys about the economic crisis and South Korean youth, including the major economic event in South Korea, 1997 Asian financial crisis and 2008 Global crisis, Korean labour market, South Korea employment problems, the current labour market status and unemployment status, particularly the youth unemployment situation and the policy options for Korean governments.

- Collection of data from official and reliable websites, including the statistics Korea, OECD iLibrary website, Ministry of Employment and Labour website, Republic of Korea, International labour office website, Korea Research Institute websites, Samsung Research Institute websites and Hyundai Research Institute websites.

CHAPTER IV

DATA ANALYSIS

The current youth unemployment status in South Korea

Comparing South Korea's youth unemployment with the other OECD member nations (Figure 3), South Korea is ranked among the lowest. Nevertheless, there is a more serious problem behind the current low level of South Korea's youth unemployment rate. Chung Se-Kyun, a lawmaker from the main opposition New Politics Alliance for Democracy, South Korea stated that the long-term problem for young Koreans that the official statistics of South Korea's Youth joblessness rate would possibly surpass 1 million if the statistics included young Koreans aged 15-29 who had "given up" work and those who were not actively seeking employment. (Claire Lee 2015) These issues represent the major characteristic of youth employment in South Korea, that the decline or decrease in joblessness could not show any improvement due to the fact that there is a large proportion of the economically-inactive population in South Korea.

According to the report by the National Assembly Research Service's interim, the data shows that 24.4 percent of young people in South Korea aged between 15-29 with a bachelor's degree as of 2012 were classified as "NEET" or those who are neither in education nor in training or work. It means that one out of four South Koreans with a bachelor's degree is neither employed nor pursuing further education. This rate,

in international comparison, means South Korea has the third-highest percentage of NEETs among OECD member countries. Data released by the OECD shows that South Korea's NEET level is 12.9, which is twice the OECD average, following Greece at 39.2 percent and Turkey at 24.5 percent. The reason behind the high percentage of NEETs in South Korea could be the high rate of university matriculation, along with a growing number of irregular or contract positions and other jobs with poor work conditions that are reducing young people's motivation to work (Youn 2015). NEET is classified into two subdivisions, including those who are still looking for employment and those who are economically inactive and not willing to seek new employment. According to the economically-active population survey report by Statistics of Korea, over 80 percent of NEETs in South Korea is classified as economically inactive. The more serious concern is the reason that drives South Korean youth, those who are economically active, to become economically inactive. Among NEETs with employment experience, a large number of them had a contract job for one year, or less 24.6 percent, while temporary work accounted for 18 percent. Therefore, about 43 percent of NEETs in South Korea are categorised as long-term NEETs, meaning that these amounts of NEETs have been unemployed for at least one year due to the difficulty of getting a job. Kim Gwang-sik, a senior analyst at the Hyundai Research Institute, claimed, "As South Korean youth fail to get a job or manage to get only a low-quality job, there is a tendency for them to stop looking for work or to lose interest in getting a job. As a result, not only are the well-educated young people who tend to seek quality

employment lengthening their job-hunting time, the South Korea labour market condition itself has also led to the high level of NEETs and youth unemployment rate after the Global Financial crisis (Figure 20).

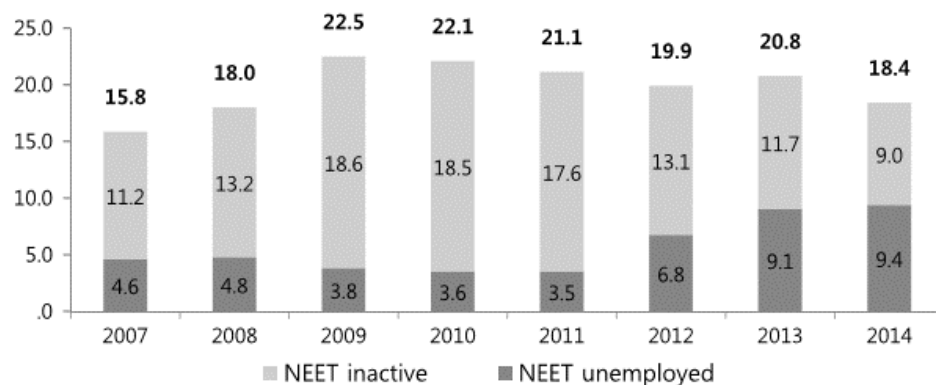


Figure 20 NEET rate from 2007 to 2014

Source: Research Centre on Philanthropy, community chest of Korea

According to the trend of employment by age group, the total unemployment rate relatively declines, while the unemployment rate of youth rose to a 15-year high in 2015. This is proof that youth unemployment has not significantly changed, even in the post-crisis period. The supply-demand mismatch in the Korean labour market has been claimed as the major factor raising concern about the labour market situation. In addition, many firms in the Korean labour market are still willing not to hire the younger generation as regular workers. Further, the lifetime employment culture is still a problem that has led to limited job availability. Prof. Eun Soo-mi of the Korea Labour Institute claimed that opportunities for non-permanent employees to be reassigned as

permanent workers were very low. Moreover, the number of growing non-temporary workers can be quite dangerous for Korean society. Therefore, the current situation of youth unemployment has not significantly changed, even 18 years after the 1997 economic crisis.

The amount of youth unemployment stood at 3.902 million in April 2015, according to statistics. The youth unemployment problems have become the government's policy priority; Park Geun Hye administration's 70 percent employment roadmap (Labor 2013), but the situations remains anything but rosy for young job-seekers in South Korea. Nowadays, instead of continuing to seek employment, South Korean youth job-seekers become included in the non-economically active population as they prepare their job applications for firms and only resume their job search during the recruitment period. Moreover, the situation of the falling birthrate has made Korea fast become an aging society, which has become more severe since there is a large number of young unemployed who feel they must give up major life events such as relationships, marriage, and children.

1. Consequences of youth unemployment problems on individuals

- Repeated job-seeking patterns and “SPEC” phenomenon

In international comparisons, “Youth” is classified as workers aged between 15 and 24. However, South Korea defines “Youth” as persons aged 15 to 29. In South

Korea, the entry rate into higher education is one of the highest in the world. Around 80 percent of middle school graduates go on to high school, while around 70 percent of high school graduates go on to university. The decrease in the total number of the young employed people in the labour market has been due to the slowdown of the economy (Figure 12). This fact raised concerns for youth employment among young college graduates in South Korea with a relatively low labour force participation rate of only 41.7 percent actually employed. (Kim 2015) Moreover, the “Corporate culture” among the large companies and public institutions and the “Culture of respect for education” under the Confucian system in South Korea has also raised competitive pressure among job seekers.

The corporate culture among the large companies and public institutions, preferred by young job-seekers in South Korea, began after the Asian financial crisis in late 1997. Rather than announce recruitment all year round, most of the companies in South Korea prefer to announce a recruitment notice only for a certain period of time. Therefore, the corporate culture leads to a large number of young job-seekers in South Korea turning themselves into the “non-economically active population” to prepare themselves for recruitment season. As a result, the average job-seeking period among young South Korean rose in 2015 to 11 months per person to get their first job.

The high competitive employment market in South Korea was also affected by the Korean society itself, since South Korea is the country that embraces the Confucian system that emphasises a culture of respect for education. Most South Korean parents

and students applying for university are less interested in the major than in the name of the university; the university that students study at is the most important qualification in the South Korean labour market (Dong-chun 2016). Moreover, landing a job at the conglomerates or becoming a civil servant are the reasons why Korean society puts extreme emphasis on education and preparing for employment. No matter how tough the labour market is, landing a job at the conglomerates or the public sector is the better choice for job-seekers to avoid instability and poor conditions in small and mid-sized businesses (SMEs) in South Korea. The “big gap in wages and fewer benefits employee would expect to receive” among the large businesses and SMEs is making many young job-seekers avoid landing jobs at small companies. According to a report by the Small and Medium Business Administration, the average monthly salary in SMEs in 2015 stood at 2.94 million Korean won, which is just 60.6 percent of the 4.85 million Korean won employees in larger companies earned. As a result, 14 million out of the nation’s 16 million workers in South Korea are employed in small and mid-sized businesses (SMEs), but still face a shortage of workers since SMEs cannot persuade young job-seekers to land their first job at their companies. In addition, the poor conditions at private companies also push many young college graduates to prepare to take one of the country’s civil service exams. In South Korea, employment in the public sector is more stable.

At this point, the high competition in the labour market due to the oppressive corporate culture and high expectation among job-seekers to land their first job at

conglomerates or public sector are attributed to the “repeated job-seeking pattern” among young unemployed people or non-economically active population in South Korea.

According to the OECD report, one in four South Korean college graduates are not in education, employment or training, called “NEET”. In South Korea, the NEET level is higher than the OECD average of 54.4%, or the third highest rate among OECD countries. (Youn 2015) NEET is divided into two types, which are those without jobs, but still looking for employment, and those who are economically inactive and are not seeking jobs. Experts claim that 80% percent of NEET in South Korea are referred to as the economically-inactive group. High competition in the South Korean labour market pushes those in an economically-inactive group to enrol in the cycle of “repeated job-seeking pattern” until their first employment. Since the job-seeking field is too competitive, there is the trend of “repeated job-seeking”, in which a large number of young South Koreans try to improve their job applications until their job applications are qualified. In addition to money, young South Koreans devote a lot of time to the perfection of their job applications (Park Eun-jee, 2012). The costing money and time of young South Korean can be seen in the “Delaying graduation phenomenon” among college students and the “Building SPEC phenomenon” (In Korean: 스펙 쌓기) among college graduates.

According to the economy and labour market condition decline, it is impossible for college students to land a job right after graduation. Therefore, a large number of

college students these days are taking longer to graduate since there is the trend of “Delaying Graduation” in South Korea. (Kang 2014) Every year, the number of college students who postpone their graduation, and the number of colleges that allow students to put off their graduation also has been increasing (Figure 21). The number of students delaying their graduation rose from 8,270 in 2011 to 14,965 in 2013, and rose to 50,858 in 2016. Further, the number of colleges allowing students to defer graduation increased from 26 in 2011 to 33 in 2013, and rose to 107 in 2016. However, 77 percent of colleges allowed students to delay graduation charges for the privilege. In 2014, 12 universities were charging students from 100\$ to 270\$ (Seok 2014). From another perspective, South Korean youth who postpone their graduation also raise concerns for youth unemployment since the more time they postpone their graduation, the more the average job-seeking period increases.



Delaying Graduation	2011	2013	2016
Number of Students	8,270	14,965	50,858
Number of colleges	26	33	107

Figure 21 Delaying Graduation

Source: South Korean law maker Ahn Min-seok

Statistics Korea reports that the first reason behind the postponing of graduation trend is submitting resumes with a status of “degree candidate”, which is more advantageous than stating “unemployed”. Moreover, many South Korean

companies tend to hire only high-specification students, so more college students tend to take time off school to brush up on their English skills or build up their resumes. Therefore, the current “spec-centre” job market is the reason behind the “Delaying Graduation” phenomenon.

“Building SPEC phenomenon” or “SPEC sah-ki” (스펙 쌓기) is a common phenomenon among South Korean job-seekers in South Korea. This phenomenon has composed the set of nine specifications including Education Background, Certificate, International Activities, Internship, TOEIC Scores, Grades, Volunteer Work and Language study aboard as well as perhaps even plastic surgery to give a better impression (Eun 2014) (Figure 22).



SPECs	In Korean
Education Background	학벌
Certificate	자격증
International Activities	대외활동
Internship	인턴
TOEIC scores	토익
Grades	학점
Volunteer Work	봉사활동
Language study aboard	어학연수

Figure 22 SPEC in South Korea

Source: 청년유니온

SPECS or specifications are a statement in order to land positions in big conglomerates. South Korean job-seekers see specs as an indicator to show how competitive they are. Therefore, college students and college graduates have spent

excessive amounts of money and time to gain a competitive edge over their peers (Figure 23). The current spec-centred job market is definitely hard to change since job-seekers still see the importance of specifications. Nevertheless, a survey by the Institute for International Trade reports that employers and job-seekers have different ideas of the qualifications needed to land a job. Employers responded that work-related experience and skill certification as well as working in an internship program are set as their first priority for new hires, while job-seekers put obtaining job-related certifications and language skills as the most important qualifications to land a job. (Chosunilbo 2015) It turns out that the money and time that most of the job-seekers are spending for better specs or resumes is for different priorities than what the employers are looking for, including the positive attitude job-seekers and the related knowledge of jobs they apply for.

Cost for building SPECs (per one person)	Amount (in Korean won)
Tuition	28,020,000
Language proficiency certificate	527,000
Studying aboard	4,750,000
Private education expenses	963,000
Living expenses	8,070,000
Etc.	360,000
Total	42,690,000

Figure 23 Cost of building SPECs in South Korea

Source: 청년유니온

2. Consequences of youth unemployment problem on families

- The working life of Baby Boomer Generation expands

In a 2010 survey of 3,027 baby boomers, over 51 percent of the respondents held themselves responsible for financially supporting their parents, while 3.3 percent expected to be looked after by their children in their declining years (Ho 2010). Nevertheless, several years later, parents in the “Baby Boomer Generation” tended to take responsibility more for their children, which could not be seen in the older generations. According to the statistics of Seoul Citizens Hopes for Elderly Life report, one out of two of those older than 60 live with their children to support their children at 46.5 percent and also to support their grandchildren’s upbringing and housework at 6.8 percent. This trend leads to an increase in the number of South Koreans in their 50s and 60s who continue to work or delay retirement to help their children, who might be struggling to be financially independent, even after marriage and employment. On average, Boomers expect to retire at the age of 62, while they hope to retire around the age of 65. A three-year gap exists between expectation and hope, which indicates that Korean Baby Boomers would prefer to extend their careers (Figure 24). Kim Hwi-sam, a researcher at KDI Finance and Welfare Policy, said that parents in the Baby Boomer Generation are not able to see their children live independently, so rather than putting money towards providing for their retirement life, people in this generation tend to spend all that money on their children’s education. Meanwhile,

the younger generation is establishing a rational culture where they focus on their responsibilities. Moreover, there is the possibility that the Baby Boomers will become the first generation in which parents will not get support from their children (Hwi-sam 2015). One of the reasons behind this is that they tend to take more responsibility for their children, called “Kangaroo tribes.”

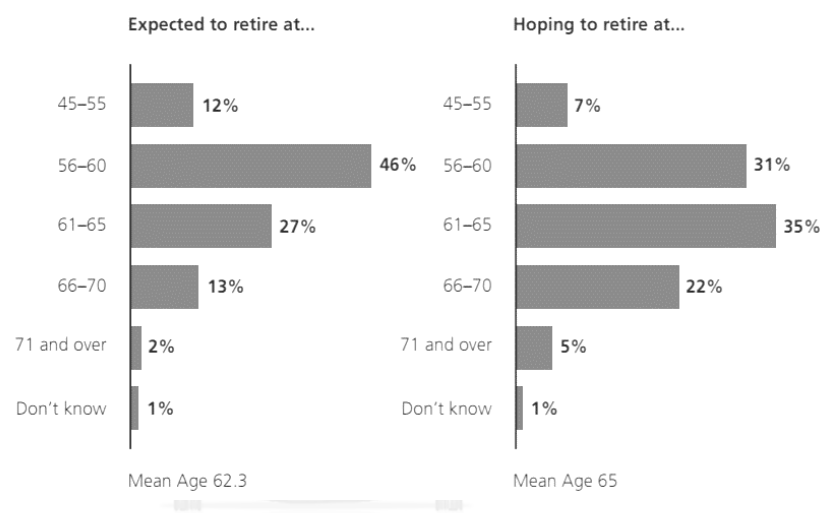


Figure 24 Timing for Full-Retirement

Source: Seoul National University Research Team

In Japan, “Hikikomori” (In Japanese ひきこもり, 引き籠り) refers to those Japanese who haven't left their homes or interacted with others for at least six months, the Japanese Labour and Welfare Ministry said. According to a survey by the Japanese Cabinet, there are currently over 500,000 young Japanese aged between 15 and 39 who lead similarly reclusive lives, with 34% having spent seven years or more in self-isolation and another 29% having lived in seclusion for three to five years. The reason

behind this social phenomenon seems to vary, including Familial factors, Socio-economic factors, and Economic factors. However, most psychologists believe that the idea of “sekentei (世間体),” basically your reputation in the community and the pressure one feels to impress others, is the reason behind this social phenomenon. A study of 88 Hikikomori research by Alan R. Teo found that 60% of Hikikomori still lived with their parents, while a smaller percentage lived alone or lived with just their mother (Teo 2008). On the other hand, it is becoming more common for young people in South Korea to stay with parents as well, but for different reasons. This trend is called “The Kangaroo family trend” or 캥거루족 in Korean, which is a combination between the word Kangaroo (캥거루) and family (가족).

“Kangaroos” are animals that carry their baby kangaroos or “Joey” in their mother’s pouch while they are young. The female kangaroos have a pouch or a marsupium, where the baby kangaroos hunker until they are as old as 18 months. There is a new trend in South Korea that South Korean youth or young college graduates still depend on their parents financially. They are called “Kangaroo tribes” since they are staying in their parent’s pouches for money and support. In South Korea, there is a Korean custom that adult children will live with their parents until marriage, after which they leave their parents. Nevertheless, South Korean youth and college graduates nowadays tend to live with their parents longer and longer. According to the Korea Research Institute for Vocational Education & Training research, 51% out of 17,376 college and university graduates between 2010 and 2011 referred to

themselves as “Kangaroos.” Also, a survey by JOBKOREA found that 56.1 percent out of 1,061 South Koreans in their 20s and 30s said they lived in Kangaroo tribes (Figure 25).

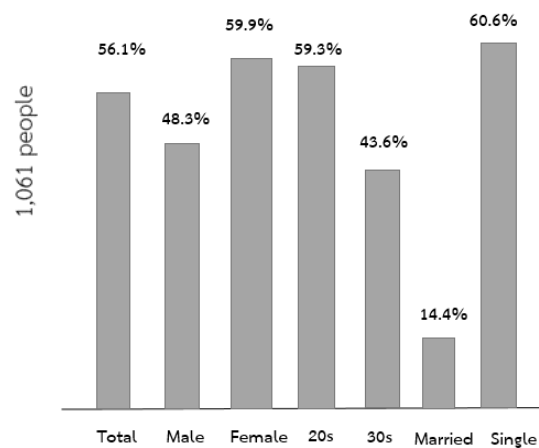


Figure 25 “I am Kangaroo tribes.” (난 캥거루족)

Source: JOBKOREA (잡코리아)

There are various reasons behind the Kangaroo Family phenomenon. However, the major reason behind the rise of the Kangaroo Family is the fierce competition of the South Korean labour market. Standard chartered Bank of Korea reported that the fierce competition for jobs, particularly much-sought-after positions at larger companies, has led to an increase in youth unemployment. Competition leads to fewer jobs for young graduates, producing more kangaroo tribesmen (Kyong-ae 2016). In more serious cases, South Korean youth delay graduation, employment and also marriage while depending on their parents financially. JOBKOREA reported that the

reasons for Kangaroo tribes remaining dependent on their parents financially included the high cost of housing at 64.6 percent and high living costs at 63.9 percent. They felt happier and comfortable living with parents at 20.8 percent (Figure 26). The report also asked about how long one could remain dependent on parents. Those who were in Kangaroo tribes responded “until getting married” at 43.2 percent, “until getting a job” at 22.3 percent, and “until graduating from college” at 11.1 percent.

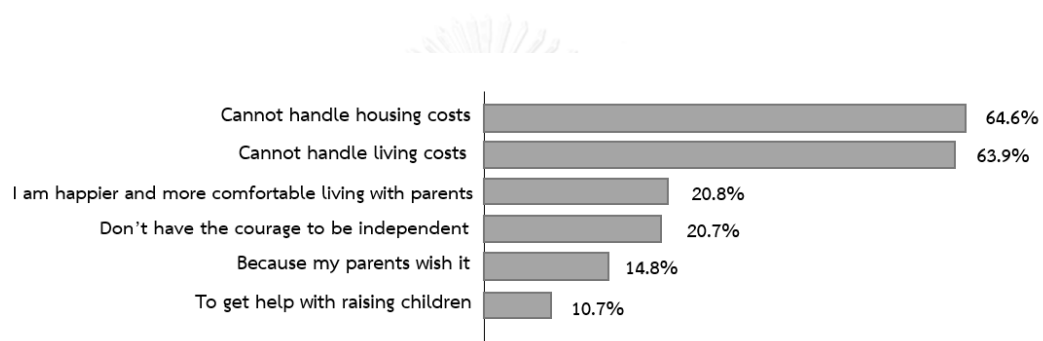


Figure 26 “Why are you unable to be independent from your parents?”

Source: JOBKOREA (잡코리아)

Since there is a trend that South Korean people in their old age tend to spend their money to support their children, this trend leads to the risk that elderly parents remain in the workforce longer to support their unemployed children, resulting in fewer job opportunities for new workers.

3. Consequences of youth unemployment problems on Society

- N give-up Generations

The South Korean economy is regarded as the fourth largest economy in Asia and the 11th largest in the world. (Kyung-rok 2016) Nevertheless, the Korean economy is facing pressure nowadays from the high rate of youth unemployment that directly reflects the rapidly changing demographic features of the population. Since the 2000s, South Korea's total fertility rate has been one of the lowest in the world and the lowest among OECD countries. The more serious problems of low fertility can be seen in the changing of the South Korean population's age pyramid (Figure 27). The pyramid since the 1970s has evolved into a vase shape in 2010, and it is expected to take the shape of an inverted triangle by 2050. While the share of the younger generation is decreasing, the share of the age group of those aged 65 and above is increasing. These changes in age structure have raised concerns since the working-age population is also declining.

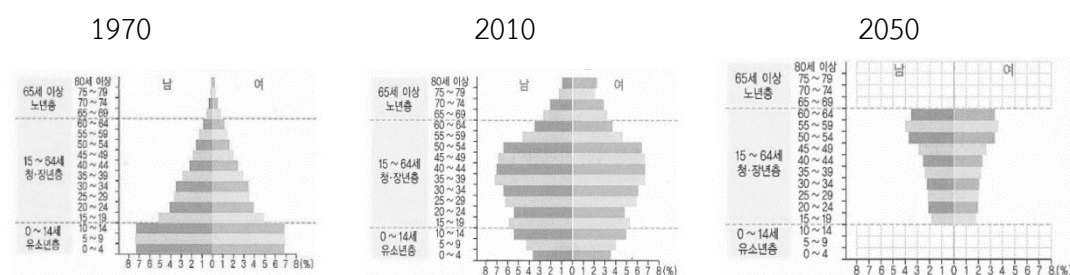


Figure 27 Changes in Age Structure from 1970-2050 in South Korea

Source: Korea Statistical Information System, 2015

The main reasons behind South Korea's low fertility rate are various, such as the economic recession, the instability of the labour market, delay and reluctance to start a family, and the wide dissemination of gender equality norms (Sub 2016). However, the harsh situation that the younger generation has faced since the 1997 Asian financial crisis means the big reason behind why South Korea's demographic problems are worsening so fast with the statistics confirmed that the number of births dropped to 1.17 in the first half of 2017. The number of those aged 65 and above is increasing at one of the fastest paces in the world.

Since the economic crisis began in 1997, unemployment soared among all age groups. Several years later, the South Korean economy and society recovered from the crisis. However, the South Korean youth are still affected by the tough labour market and the low rate of labour participation. Companies limited new hiring and prefer experienced workers instead of new graduates. Therefore, college graduates during this period are faced by a limited labour market. As employment opportunities have diminished, youth have tried to equip themselves with more knowledge, experience and languages, especially English. Currently, many college students are likely to take five or six years to complete their first degree after matriculating at a university because they interrupt their undergraduate studies temporarily to gain overseas experience. Many youths go abroad to study foreign languages, especially English, for six months and up to two years. While enrolled in university, many young

people work part-time, not only to earn money, but also to acquire work experience since it is viewed favourably by recruiters at companies (Eun 2007).

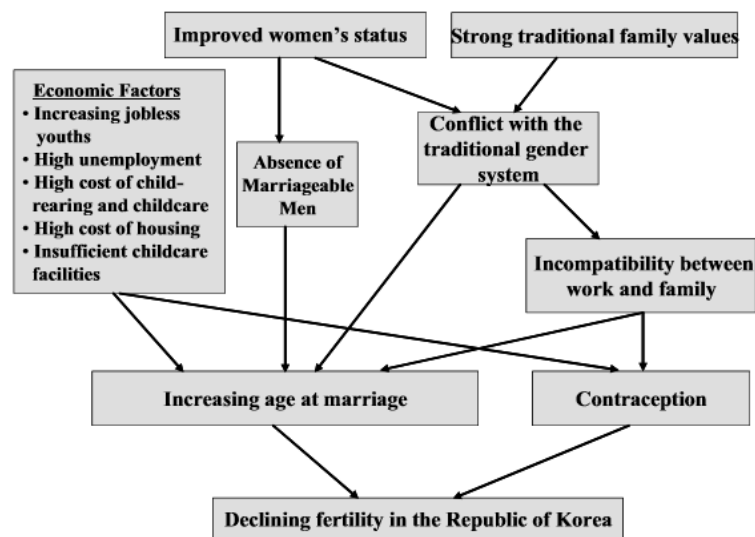


Figure 28 The mechanism of fertility decline in recent Korean Society

Source: Asia-Pacific Population Journal

The increase in youth unemployment for people in their 20s is something unseen by the older generation. The South Korean younger generation has suffered loss of employment and security in unemployment for comparable tasks. Even with a diploma, a growing number of young South Koreans have only been able to find temporary work and no real regular jobs; compensation for daily and part-time workers is lower than that for full-time workers. The nation's youth unemployment is raising concerns about the government's labour policies, especially for the country's younger population, as well as for the limited job security among young contract workers. The harsh situation for the South Korean younger generation drove them to become the

“880,000 Korean won Generation” or “88 만원 세대” (Palship-pal manwon sede) in Korean. The new self-depreciating language 880,000 Korean Won Generation has been used to indicate the average monthly income of Koreans in their twenties suffering from employment instability; 880,000 Korean Won was equivalent to roughly US \$945 in 2007 (Shim 2017). Since the tough labour market and the prevalence of irregular work for the young is likely to continue, another self-depreciating phrase among South Korean youth, “Sampo Generation” or “Three-give-up Generation”, was introduced to Korean Society.

According to statistics by Statistics Korea, the unemployment rate for South Korean youth hit a 17-year high in June, 2016 at 10.3 percent. This rate was recorded as the highest for the month since June 1999, when the Asian financial crisis bailout occurred in South Korea. Even though the South Korean government has made an effort to tackle the youth unemployment, it has not been effective so far. As a result, unemployment among young people is getting worse. Therefore, Three-give-up Generation, the new generation of Self-depreciating language was introduced to Korean Society to reflect social pressures from economic problems that younger generation are facing. Three-give-up Generation refers to a younger generation who feels they must give up three major milestones in life, including courtship, marriage and childbirth. The Kyunghyang newspaper in South Korea classified people in this generation as young South Koreans who had unstable jobs, high student loan payments, precarious preparation for employment, etc., and those who postponed

love, marriage, and childbirth without any prospective plan. Nevertheless, the Three-give-up Generation has now evolved into the “Five-give-up Generation”, giving up courtship, marriage, childbirth, employment and home ownership. From the Five-give-up Generation came the “Seven-give-up Generation”, who gave up courtship, marriage, childbirth, employment, home ownership, Interpersonal relationships and hope. Even the “N-give-up Generation” feel they must give up all of the things in their life due to their employment, also regarded as self-depreciation among South Korean youth. According to the survey by Saram-In portal, 69 percent of respondents accepted that they were N-give-up Generation members, while 31% of them answered no. The milestones that the most of the respondents give up are marriage at 56.8 percent, dream or hope at 56.6 percent, home ownership at 52.6 percent, dating at 46.5 percent, childbirth at 41.1 percent, interpersonal relationships at 40.7 percent, health at 26.5 percent and personal appearance at 25.4 percent (Figure 29).

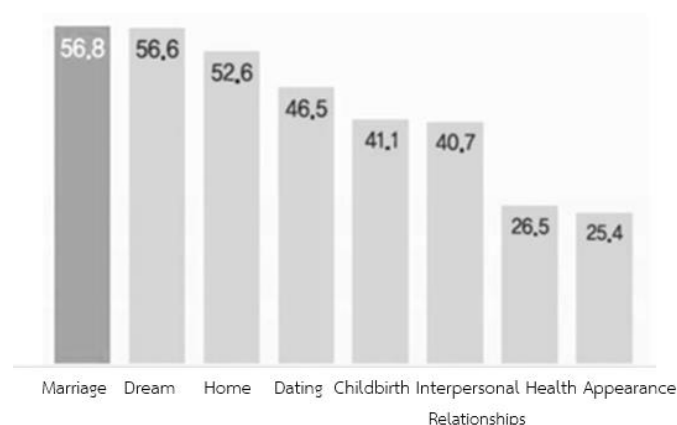


Figure 29 N-give-up Generation

Source: SARAMIN (사람인포털)

Among the various significant milestones that people in the N-give-up generation decided to give up, the two things that have been speeding up the inverted South Korean population pyramid are marriage and childbirth. Because of the tough job market, the situation has driven young South Korean to participate in education or training in order to fulfil their specifications or achieve self-sufficiency. Therefore, they have no choice to involve their self in one of Give-up Generation. Without employment, they cannot desire other milestones in life since each stage of life costs money. As a result, the low rate of marriage led to low national birthrate at 1.24 in 2015 (Figure 30). The latest data in 2017 found that the birthrate dropped from 1.24 to 1.17.

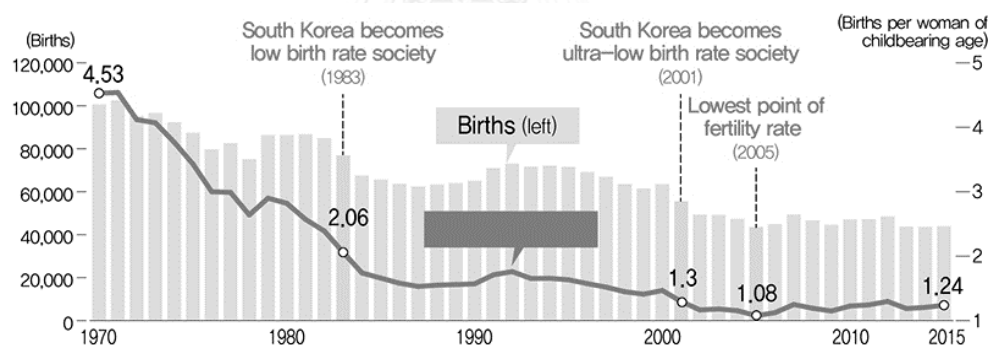


Figure 30 South Korea fertility rate and the number of births

Source: Statistics Korea

South Korean society is facing a huge phenomenon in that young people are getting married later and delaying having children. The consequences between youth unemployment and the low rate of marriage lead to the falling birthrate as an emerging societal problem, especially since these causes are speeding up the aging society.

4. Consequences of youth unemployment problems on national economics

- South Korea's student loan crisis

Among developed countries, South Korea is ranked in the top 40 for the best education in the world. On the other hand, in terms of “education expenditure”, South Korea is ranked as one of the world's most expensive countries as well. (Huffingtonpost 2013) According to a report of OECD, South Korea ranked second behind the United States on the list of countries with the highest average college tuition fees (Figure 31). Nevertheless, the outstanding student loan debts caused by the high college tuition costs are prompting concern for a student loan crisis in the South Korean economy since statistics have shown that outstanding student loans, which reached US\$ 10 billion in 2015, are hampering South Korea's economic recovery.

จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY

Unit: U.S. Dollars

Nation	Public Schools	Private Schools
United States	6,312	22,852
South Korea	5,315	9,586
Japan	4,602	7,247
Australia	4,140	8,933
Finland	Free	No Data
Sweden	Free	No Data

Figure 31 Average tuition for higher education in key OECD nations (2011)

Source: Ministry of Education, Science and Technology. South Korea

Since the college tuition for higher education in South Korea is regarded as one of the world's most expensive, more and more students have become borrowers of student loans. The education loans and student loans in South Korea are different from conventional loans. The student loans include tuition, the cost of books and living expenses. Moreover, the repayment and low rates of interest are different from ordinary or non-student loans as well. According to the survey by JOBKOREA, more than half of the 1,095 students surveyed responded that they took out their first loans for tuition as freshmen. The reason behind their first loan was tuition, at 90.9 percent, followed by living expenses at 23.8 percent, family/personal matters at 10.5 percent, job preparation at 6.4 percent, private education at 4.7 percent, language training course overseas at 2.5 percent and others at 1.9 percent. The survey revealed that a high percentage of college students were in debt because of "college tuition". Moreover, three in five recent college graduates said they graduated with an average debt of 13.2 million won (about \$12,025) (Yoon 2014).

Student loans are expected to continue increasing because students' parents fail to support their children's tuition. Cho Young-moo, a researcher at LG Economic Research Institute, claimed that the economic recession and sluggish real estate market, as well as layoffs, are putting more parents into deteriorated economic conditions. Therefore, they could not support their children's tuition (Ja-young 2014).

The South Korean government under Lim Myeong-Bak launched an income-contingent loan or ICL program aimed at enabling student borrowers to pay back their

student loans after graduating and landing a job. The repayment of the student loan will begin after the student borrowers are employed and can earn annual income exceeding a certain level (10.53 million in 2014, 18.5 million in 2015). After the ICL program launched, the number of student borrowers who got loans from the government-funded Korea Student Aid Foundation, or KSAF, increased from 700,000 in 2010 to 1.52 million in 2014 (Figure 32). Nevertheless, one in three student borrowers were found to have never started paying their loan back (Figure 33). Therefore, this program builds a worsening default problem since the pay later procedure looming up the debt crisis of college students in South Korea.

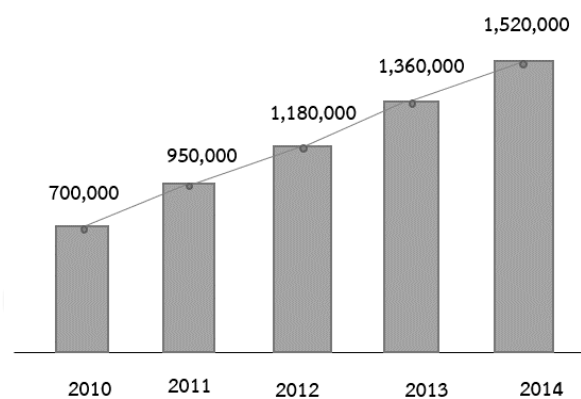


Figure 32 Student borrowers from 2010-2014

Source: Korea Higher Education Research Institute

The student loan debts due to the late repayment of the college students are raising concern for the South Korean economy. According to statistics provided by the Korea Student Aid Foundation, the increase of South Korean student loan debts

surpassed US\$ 10 billion in 2015. The concern for the amount could build faster since college graduates do not have to pay the loan back right after graduation, only after their income reaches a certain level. Most of the students under the student loan program expect to start paying the loan back after graduation. However, the serious youth unemployment problem has created a strain on the South Korean government since 3 percent of the national budget, or more than 10 trillion won (about 835,771 dollars), is spent on student loans (Kim Sung-tak 2015).

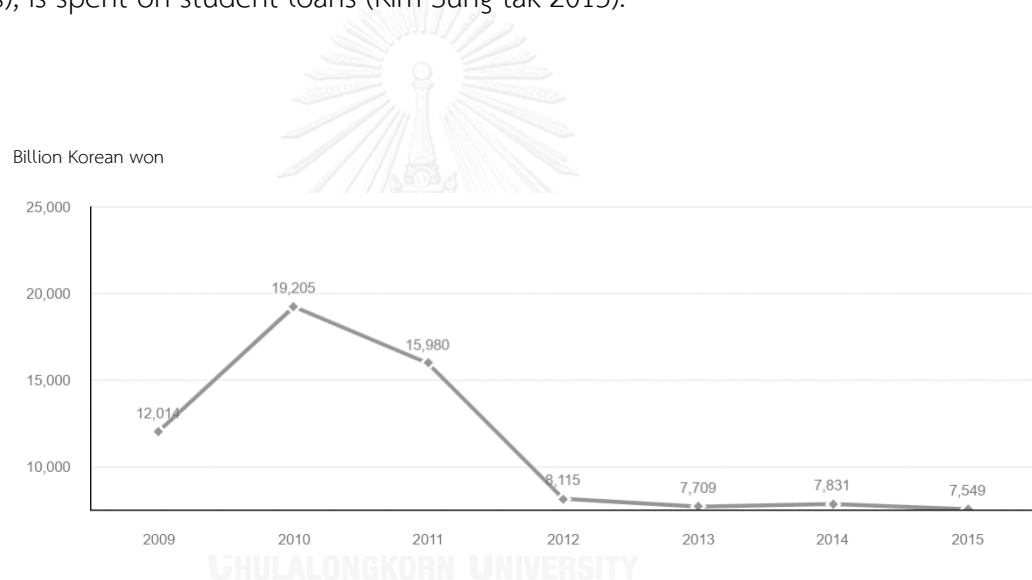


Figure 33 The current student loan payoff amount

Source: 교육부(한국장학재단)

Most of the students under the student loan program expect to start paying the loan back after graduation. However, the fact that they could not land a job right after graduation is the problem. The increase in unemployed college graduates has become a social issue that leads to increases in the delinquency rate for student loans,

resulting in losses for the Korea Student Aid Foundation. The government should address youth joblessness and the student loan debt crisis. High unemployment among South Korean youth and the late repayment of student loans could soon turn into a hampering problem for the national economy.



CHAPTER V

SUMMARY

The crisis of youth unemployment in South Korea cannot be explained just by the rise in unemployment. When comparing South Korea's youth unemployment to other major OECD member nations, South Korea's youth unemployment level is among the lower ranking. However, the more severe problem is at the lower level of South Korea's youth employment, which remains among the lower ranking in the OECD. The current high youth unemployment rate for people in their 20s contains unique characteristics not found in the older generations. For example, a large number of South Korean youth with higher educational backgrounds nowadays have been facing the lack of opportunity to enter the labour market due to unbalanced demand and supply in the labour market. The continued decrease in the employment rate of youth aged between 15 and 29 pushed many young unemployed graduates to have experienced long unemployment periods. They had no choice but to become economically-inactive. The long-term youth unemployment problems have put a strain on South Korea in various perspectives.

First, the current low level of "South Korea's youth employment rate" in South Korea raises concerns. According to the OECD report, one in four South Korean college graduates are not in education, employment or training or "NEET". In South Korea,

NEET level is higher than the OECD average of 54.4%, the third highest rate among OECD countries. NEET is divided into two types, which are those without jobs but still looking for employment, and those who are economically inactive and are not seeking jobs. Experts claim that 80 percent of NEET in South Korea are referred to as the economically-inactive group. The reason behind the higher number of young South Koreans in NEET is related to the high competition of the South Korean labour market and the big gap between large businesses and SMEs. According to the economy and labour market condition being in decline, it is impossible for college students to land a job right after graduation. Therefore, a large number of college students these days are taking longer to graduate since there is the trend of “Delaying Graduation” in South Korea. Every year, the number of college students postponing their graduation increases, and the number of colleges allowing students to put off their graduation has been increasing as well. Statistics Korea reported that the first reason behind the postponing graduation trend is submitting resumes with a status of “degree candidate”, which is more advantageous than stating “unemployed”. Moreover, many South Korean companies tend to hire only “high-spec” students, so more college students are taking time off from school to seek higher specifications and certifications. Therefore, the current “spec-centre” job market is one reason behind the “Delaying Graduation” phenomenon.

Second, there is a new term “Kangaroo” being used in South Korea to refer to the South Korean youth or young college graduates who still depend on their parents

financially. The term “Kangaroo Family” in South Korea is becoming more common since the worst youth unemployment crisis. This is a new trend among South Korean youth or college graduates, who tend to live with their parents longer and longer due to the reduced number of decent jobs in the South Korean labour market. Hence, more South Korean youth are staying in their parents' pouches for money. According to the Korea Research Institute for Vocational Education & Training research, 51% out of 17,376 colleges or university graduates between 2010 and 2011 referred to themselves as “Kangaroos”. The major reason behind the rising of the Kangaroo Family is the fierce competition of the South Korean labour market. High competition for jobs, particularly much-sought-after positions at large companies, has led to an increase in youth unemployment. Competition leads to fewer jobs for young graduates, producing more kangaroo tribesmen. Moreover, there is an increasing number of South Koreans in their 50s and 60s who continue to work or delay retirement to help their children, who may be struggling to become financially independent, even after marriage and employment.

Third, the South Korean economy is regarded as the fourth largest economy in Asia and the 11th largest in the world. However, the Korean economy nowadays is facing pressure from the high rate of youth unemployment and rapidly changing demographic features of the population. Because of the tough job market, the situation has driven young South Koreans to participation in education or training in order to enhance their specifications or achieve self-sufficiency. Therefore, they have no choice

except to be involved in one of the N-Give-up Generation. (Korean: N 포기세대) N give-up generation; a Korean self-deprecating language, refers to members of the younger generation who feel they must give up on the major milestones in their life, such as “love, marriage, childbirth, human relations, home ownership, personal dreams and hope” due to the decent jobs seeming to be disappearing from the Korean labour market. The relation between youth unemployment, low birthrate and the aging society caused by N give-up generation is an emerging societal problem. South Korean society has maintained one of the lowest birthrates in the world, and by 2050, the average age of the Korean population will be 50, which is the highest in the world.

Lastly, South Korea is regarded as the number one educational system in the world. Nevertheless, South Korea is also one of the most expensive countries in terms of education expenditure. According to the report of OECD, South Korea ranked second behind the United States on the list of countries with the highest average college tuition fees. The more serious a nation's high college tuition problems get, the more student loans from the government are at risk. In South Korea, education loans are different from other original loans because students can receive the education fee, including tuition fees, cost of books and living expenses. Moreover, the repayment and low rates of interest are different from ordinary or non-student loans as well. However, student loan debts due to the late repayment of the college students are raising concerns for the South Korean economy. According to statistics provided by the Korea Student Aid Foundation, the rising of South Korea student loan debts surpassed US\$ 10

billion in 2015. Concern for the amount could build faster since college graduates do not have to pay the loan back right after graduation, but only after income reaches a certain level. Due to the high unemployment among South Korean youth, the late payment of student loans could soon turn into a huge problem for the Korean economy. According to a report by the government, one out of three students in the student loan program with repayment required to start after employment were found to have never started paying off the loan. The number of student loans will keep rising unless the problem of South Korea's high college or university tuition, the second highest among OECD countries, is solved.

For future study, the researcher recommends that the factors that caused the turning point in the South Korean labour market, namely the economic crises of 1997 Asian Financial crisis and 2008 Global Financial crisis, should be researched more on the topic that is analysing the causes and effects in the long run of the economic crisis on the South Korean labour market, especially on the youth target group. Moreover, since the recent status and trend of NEETs, an acronym for not in education, employment, or training, has become more common in South Korea, there should be more research on the topic of the share of job-seeking NEETs and non-job-seeking NEETs ages 15 to 29 in South Korea to explore the reason why such a large number of South Korean youth comprise the economically-inactive population.

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VITA

Full Name: Ms. Kamonnat Sirinalinrat

Date of Birth: June 4th, 1990

Birth Place: Bangkok, Thailand

Education:

High School, Triam Udom Suksa Nomklao School

Bachelor of Engineering, King Mongkut's Institute of Technology Ladkrabang

Award:

ASEAN Millennium Leaders College Student Exchange Program under The ASEAN University Network in collaboration with Daejeon University and Ministry of Foreign Affairs and Trade, Korea, 2011

