

The Youth Labor Market and SMEs¹

Kim Juyoung

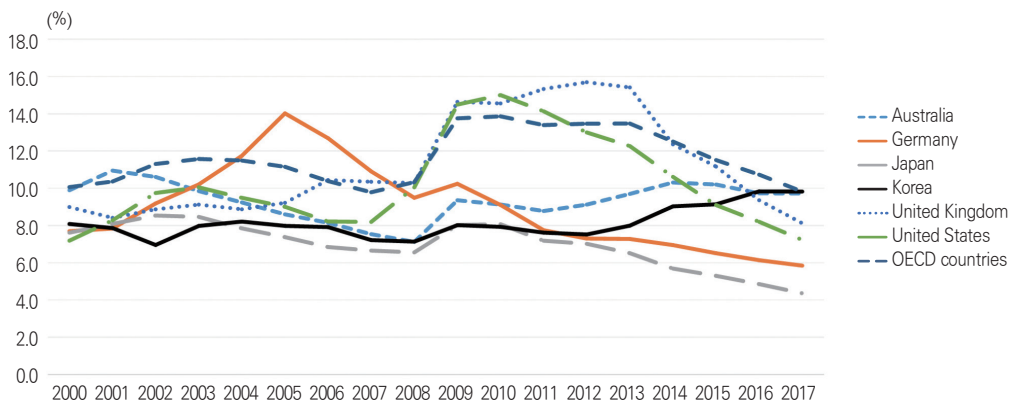
1. Introduction

Since 2010, a number of major countries specifically and the OECD average on aggregate have experienced a marked drop in the unemployment rate of young people aged 15 to 29. In particular, the unemployment rates of young people in the United Kingdom and the United States, which had risen since the global

financial crisis, fell sharply in the 2010s. The youth unemployment rates of Germany and Japan also recorded steady declines.

But youth unemployment rates in Korea and Australia have risen since the global financial crisis, rare cases among OECD countries. Although Korea's youth unemployment rate is similar to the OECD average as of 2017, its rising trend is something to worry about.

Figure 1. Youth Unemployment in OECD Countries



Source: OECD Statistics.

Note: The youth unemployment rate in Korea slightly decreased to 9.5 percent in 2018.

¹ This article is excerpted from Kim, J. (2018.11), “중소기업 청년 고용의 현황과 과제” (*Current Status and Challenges of Youth Employment in SMEs*), Issue Paper 2018-449, KIET.

Figure 2 shows changes in youth (20 to 29 years old) unemployment rates by education over time in Korea. Since 2011, youth unemployment in general has tended to rise over time. However, unemployment trends by education subgroup differ slightly. While the unemployment rate of high school graduates is rather stable after 2013, unemployment rates for youth with more education exhibited an upward trend during the same period. When the Korean economy was recovering from the global financial crisis, youths with relatively less education faced better employment prospects than young people with more education.

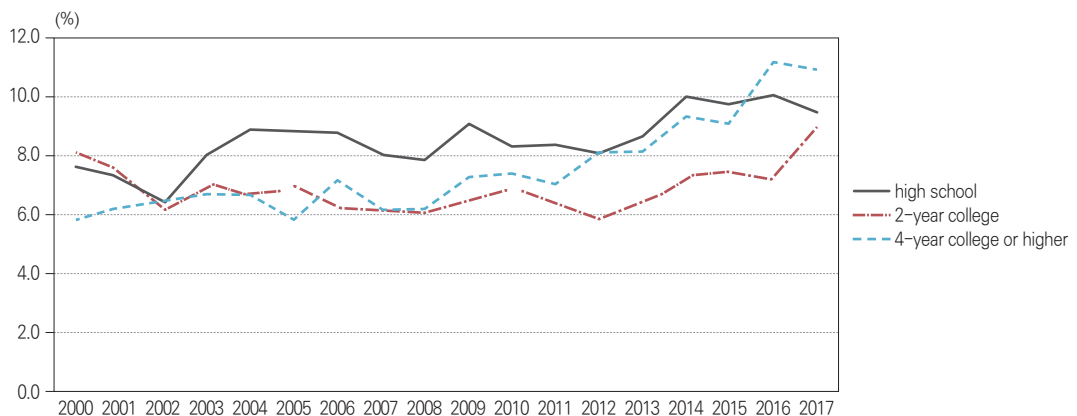
Youth groups can be subdivided by age interval and education. Table 1 shows that the youth unemployment rate was highest for 20- to 24-year-old college graduates, at 17.5 percent, followed by 25- to 29-year-old college graduates, at 11.9 percent, and 25- to 29-year-old high school graduates, at 10.7 percent.

Therefore, more policy emphasis should be placed on reducing the unemployment rate of young college graduates in their 20s. When compared by age subgroup, youths in their early 20s have the highest unemployment rate, at 11.2 percent, followed by youths their late 20s at 10.3 percent, a large difference with the unemployment rate in total, 4.0 percent.

As for industrial employment in SMEs by age group, Figure 3 shows that young people below 40 and older people over 60 are more likely to be employed in the service sector compared to other age groups. People in their 40s and 50s tend to work in the manufacturing sector.

The problem of youth unemployment might stem from a mismatch between the labor demand of small and medium-sized enterprises (SMEs) and youth labor supply and a lack of appropriate policy responses. SMEs, which account for over 80 percent of total employ-

Figure 2. Youth Unemployment by Education



Source: Economically Active Population Survey.
 Note: Youth age ranges from 20 to 29 years old.

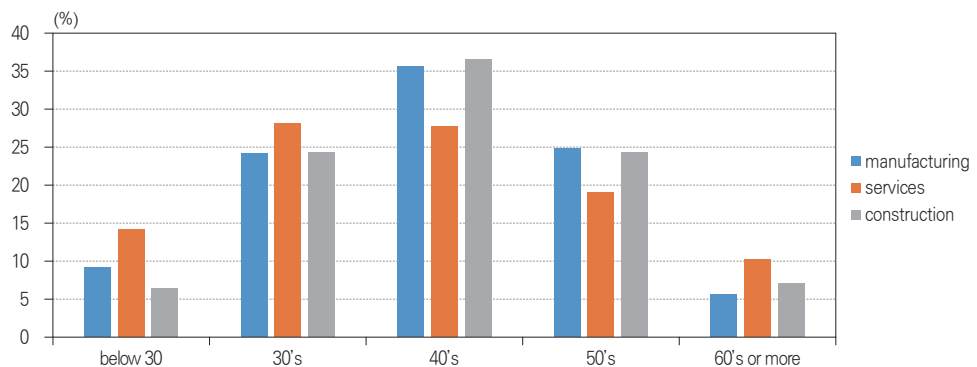
Table 1. Youth Unemployment by Age Interval and Education

Unit: persons, percent

Age	Below High School	High School	2-year College	4-year College	Post-Graduate	Total
15-19	3,710 (14.6)	16,519 (8.3)	-	-	-	20,229 (9.0)
20-24	4,034 (13.7)	83,518 (9.8)	33,710 (10.1)	42,422 (17.5)	-	163,684 (11.2)
25-29	3,369 (8.5)	73,504 (10.7)	45,275 (7.2)	150,762 (11.9)	3,417 (5.7)	276,327 (10.3)
30-34	1,969 (3.3)	37,124 (5.9)	15,694 (2.8)	61,219 (4.8)	5,793 (4.6)	121,798 (4.6)
35-39	6,145 (11.8)	36,116 (3.9)	13,466 (2.0)	30,696 (2.3)	6,832 (2.9)	93,255 (2.9)
Above 14	118,547 (2.8)	455,267 (4.2)	145,376 (3.9)	373,772 (4.7)	27,755 (2.1)	1,120,718 (4.0)

Source: Economically Active Population Survey (2018).

Figure 3. Industrial Employment in SMEs by Age Group



Source: Survey on Actual State of SMEs (2016).

ment, continue to complain of labor shortages, which has become a chronic problem. Despite this, the youth unemployment rate continues to rise. Although the government has consistently responded with various measures to narrow the gap between labor supply and demand, such measures have thus far been ineffective.

Further analysis on youth employment at SMEs is needed. Given limited job creation at large firms, the employment of young people in the private sector depends heavily on employment at SMEs, which employ the greatest number of workers in Korea but have significant number of vacant jobs unfilled.

The purpose of this study is to analyze the

youth labor supply for SMEs empirically and generate some policy implications to improve youth employment at SMEs.

2. Methodology and Data Description

We use a job selection model to analyze the youth labor supply for SMEs and a logit model for the estimation. Since the binary logit function can be interpreted as a special case of the polynomial logit function, we will explain the estimation equation using the polynomial logit function as follows.

$$P(y_i = k | x) = \frac{\exp(x'_i \beta_k)}{\sum_{k=1}^K \exp(x'_i \beta_k)}$$

k can be interpreted in various ways according to the model. In our model, it represents employment status. x can be expressed as factors affecting employment, which can be classified into: personal characteristics, household characteristics, educational characteristics. In the case of our logit analysis, it is assumed that young people do not have a special preference for large-size firms over SMEs, but rather their preferences are decided by the difference in characteristics of each young individual.

For the empirical analysis, we use the Graduates Occupational Mobility Survey (GOMS), a survey conducted by the Korea Employment Information Service to collect data on the labor market entry and movement of junior college and university graduates. Each year, a

cross-sectional survey is conducted for youths who graduated in the previous year. Each year, about 18,000 people are sampled. The survey collects information on college graduates entering into and moving within the labor market, including on education, job searching and job experience, training or government assistance, personal characteristics and household information.

In this study, we use 2016 GOMS data, the survey for which was conducted in September 2016. Youth age is classified into extended age groups (15 to 35 years old) and non-extended age groups (20 to 29 years old). SMEs are defined as businesses with fewer than 300 employees. Unemployed persons are ones who have been looking for work for the last four weeks (including the week previous) and are eligible for employment if they have a job.

The dependent variable in our logit model is employment status. That is, if an individual is employed, they are assigned a value of one; otherwise they are assigned a value of zero. In some estimations, the dependent variable may show additional details, such as unemployed, employed at SME, and employed at non-SME.

The explanatory variables consist of individual characteristics, household characteristics, educational characteristics. Personal characteristic variables include gender, age, age squared, and marital status. Household characteristic variables include the size of the household

and whether an individual receives financial support from family. Educational characteristic variables include academic background (two-year college graduate, four-year college graduate), academic major (humanities, social sciences, education, engineering, natural sciences, medicine and pharmacy, and performing arts and sport), school location (by region), GPA, duration of attendance, and graduation year. Base categories are female in gender, humanities in academic major, and Seoul in school location. Year 2014 is the base category for graduation year.

3. Result of Empirical Analysis

Three estimation results of the multinomial logit model are shown in the following. Table 2 shows the estimation results of probability of youth employment in SMEs and non-SMEs. Young people are classified into two age groups: an extended youth group (ages 15 to 35) and a non-extended youth group (ages 20 to 29).

The second and third estimations consider youth employment probabilities at SMEs only. Table 3 shows the estimation results with subsamples of the manufacturing and service sectors and Table 4 describes the estimates with subsamples of two-year college graduates and four-year college graduates.

Marital status and family financial support are found to have a significant relationship with employment, but the direction of the

causal relationship needs further discussion. However, in many European countries, it is reported that welfare programs have a negative impact on youth labor market participation. In Korea, family support seems to perform the role of welfare programs in Europe. According to the results the estimation, education, medicine and pharmacy majors show a significantly higher effect on employment probability than humanities in the base category.

Based on the location of the school, the probability of employment in a large company was significantly higher in Seoul region. On the other hand, employment in SMEs was significantly higher in the Gyeonggi region than in Seoul, and some other regions are higher than Seoul but not in a statistically significant way.

GPA seems to have a significantly positive effect on employment at both SMEs and non-SMEs, and a higher effect on non-SME employment than on SME employment.

Next, we estimate the youth employment model by using a sample of youths who are unemployed or employed at SMEs. So those who are employed at non-SMEs are excluded in this estimation. The employment of SMEs is estimated by dividing them into manufacturing and service businesses. Although this estimation model is limited in that unemployed youths may prefer to be employed at non-SMEs, we believe it is still informative since most youth employment is at SMEs.

According to the estimation results, the probability of employment in the service sec-

Table 2. Youth Employment Effects on SMEs and non-SMEs

	Youths (age interval: 15–35 years old)		Youths (age interval: 20–29 years old)	
	SMEs	Non-SMEs	SMEs	Non-SMEs
Gender	-0.0572 (0.101)	0.371*** (0.114)	-0.0702 (0.103)	0.372*** (0.116)
Age	-0.156 (0.317)	-0.401 (0.363)	0.334 (0.453)	-0.0857 (0.534)
Age Squared	0.00289 (0.00585)	0.00625 (0.00668)	-0.00717 (0.00870)	-0.000116 (0.0102)
Marriage	1.005*** (0.331)	1.121*** (0.348)	1.150*** (0.405)	1.198*** (0.423)
Household Size	-0.205*** (0.0265)	-0.404*** (0.0299)	-0.209*** (0.0269)	-0.409*** (0.0303)
Family Financial Support	-2.649*** (0.0803)	-2.755*** (0.119)	-2.645*** (0.0814)	-2.757*** (0.121)
4-year College	0.205* (0.115)	1.061*** (0.132)	0.198* (0.118)	1.066*** (0.135)
Major (Social Studies)	-0.0466 (0.128)	0.0560 (0.148)	-0.0617 (0.131)	0.0693 (0.151)
Major (Engineering)	0.0130 (0.129)	0.449*** (0.146)	0.00386 (0.131)	0.450*** (0.149)
Major (Natural Sciences)	-0.0332 (0.140)	0.182 (0.160)	-0.0392 (0.142)	0.162 (0.163)
Major (Performing Arts & Sport)	0.0182 (0.142)	-0.582*** (0.175)	0.00340 (0.144)	-0.598*** (0.178)
Major (Education)	1.357*** (0.222)	0.00339 (0.263)	1.319*** (0.224)	-0.00484 (0.264)
Major (Medicine & Pharmacy)	0.910*** (0.225)	1.860*** (0.240)	0.897*** (0.229)	1.860*** (0.244)
College Location (Gyeonggi)	0.226** (0.114)	-0.570*** (0.126)	0.273** (0.116)	-0.548*** (0.128)
College Location (Chungcheong)	0.0122 (0.116)	-0.972*** (0.130)	0.0313 (0.118)	-0.977*** (0.132)
College Location (Gyeongsang)	-0.0336 (0.108)	-0.993*** (0.120)	-0.0109 (0.110)	-0.984*** (0.122)
College Location (Jeolla)	0.0264 (0.133)	-1.156*** (0.150)	0.0350 (0.134)	-1.156*** (0.152)
Graduation year	0.0785 (0.0996)	0.152 (0.112)	0.0684 (0.103)	0.140 (0.116)
GPA	0.106** (0.0538)	0.470*** (0.0694)	0.114** (0.0546)	0.469*** (0.0707)
Attendance duration	-0.0199 (0.0294)	-0.0613* (0.0327)	0.00667 (0.0330)	-0.0529 (0.0369)
Constant	4.622 (4.230)	6.481 (4.857)	-1.429 (5.837)	2.591 (6.900)
Observations	12,067	12,067	11,600	11,600

Note: *** if $p < 0.01$, ** if $p < 0.05$, and * if $p < 0.1$. Numbers in parentheses are standard errors.

Table 3. Youth Employment Effects on Manufacturing and Service SMEs

	Youths (age interval: 15–35 years old)			Youths (age interval: 20–29 years old)		
	Total	Manufacturing	Services	Total	Manufacturing	Services
Gender	-0.0926 (0.104)	0.368** (0.152)	-0.158 (0.104)	-0.109 (0.107)	0.296* (0.156)	-0.169 (0.107)
Age	-0.134 (0.324)	0.190 (0.460)	-0.276 (0.329)	0.279 (0.460)	-0.0151 (0.635)	0.123 (0.470)
Age Squared	0.00264 (0.00598)	-0.00351 (0.00850)	0.00523 (0.00608)	-0.00590 (0.00884)	-8.80e-05 (0.0122)	-0.00295 (0.00904)
Marital status	1.023*** (0.334)	1.072*** (0.404)	0.822** (0.338)	1.191*** (0.410)	1.502*** (0.514)	0.956** (0.412)
Household Size	-0.212*** (0.0271)	-0.184*** (0.0375)	-0.214*** (0.0278)	-0.217*** (0.0275)	-0.189*** (0.0382)	-0.219*** (0.0282)
Family Financial Support	-2.652*** (0.0804)	-3.398*** (0.182)	-2.506*** (0.0834)	-2.645*** (0.0815)	-3.381*** (0.183)	-2.504*** (0.0846)
4-year College	0.154 (0.117)	0.0225 (0.166)	0.249** (0.119)	0.146 (0.120)	0.00692 (0.170)	0.247** (0.122)
Major (Social Studies)	-0.0291 (0.130)	0.271 (0.196)	-0.0576 (0.130)	-0.0449 (0.132)	0.292 (0.200)	-0.0760 (0.133)
Major (Engineering)	0.0431 (0.130)	1.047*** (0.190)	-0.270** (0.132)	0.0329 (0.133)	1.068*** (0.195)	-0.283** (0.135)
Major (Natural Sciences)	-0.0502 (0.141)	0.532*** (0.203)	-0.177 (0.143)	-0.0548 (0.144)	0.549*** (0.206)	-0.182 (0.145)
Major (Performing Arts & Sport)	0.0179 (0.143)	0.337 (0.212)	-0.0486 (0.144)	0.00277 (0.145)	0.321 (0.216)	-0.0655 (0.146)
Major (Education)	1.387*** (0.224)	-0.705* (0.414)	1.428*** (0.223)	1.350*** (0.225)	-0.719* (0.416)	1.399*** (0.224)
Major (Medicine & Pharmacy)	0.931*** (0.228)	0.807*** (0.307)	0.978*** (0.228)	0.914*** (0.232)	0.840*** (0.441)	0.958*** (0.262)
College Location (Gyeonggi)	0.219* (0.116)	0.665*** (0.163)	0.186 (0.118)	0.265** (0.118)	0.681*** (0.167)	0.241** (0.120)
College Location (Chungcheong)	0.0105 (0.119)	0.590*** (0.166)	-0.0739 (0.121)	0.0294 (0.121)	0.575*** (0.170)	-0.0496 (0.123)
College Location (Gyeongsang)	-0.0306 (0.110)	0.485*** (0.157)	-0.0928 (0.113)	-0.00605 (0.112)	0.463*** (0.160)	-0.0628 (0.115)
College Location (Jeolla)	0.0173 (0.134)	0.0873 (0.194)	0.0164 (0.137)	0.0245 (0.136)	0.0745 (0.198)	0.0238 (0.139)
Graduation year	0.0602 (0.101)	-0.135 (0.139)	0.0851 (0.103)	0.0540 (0.105)	-0.130 (0.145)	0.0854 (0.107)
GPA	0.101* (0.0555)	0.0490 (0.0799)	0.101* (0.0573)	0.110* (0.0564)	0.0602 (0.0817)	0.110* (0.0582)
Attendance duration	-0.0181 (0.0298)	0.0102 (0.0393)	-0.0217 (0.0307)	0.00975 (0.0334)	0.0662 (0.0451)	0.000727 (0.0344)
Constant	4.327 (4.333)	-2.613 (6.150)	6.076 (4.392)	-0.781 (5.938)	0.120 (8.203)	1.133 (6.064)
Observations	9,638	2,541	7,751	9,261	2,449	7,468

Note: Total group includes youth unemployed and employed at SMEs. The manufacturing group includes youth unemployed and employed at SMEs in the manufacturing sector. The service group includes youth unemployed and employed in SMEs in the service sector. *** if $p < 0.01$, ** if $p < 0.05$, and * if $p < 0.1$. Numbers in parentheses are standard errors.

Table 4. Youth Employment Effects on Manufacturing and Service SMEs among Educational Subgroups

	2-year college graduates			4-year college graduates		
	Total	Manufacturing	Services	Total	Manufacturing	Services
Gender	-0.202 (0.215)	0.565* (0.303)	-0.311 (0.218)	-0.0853 (0.126)	0.136 (0.195)	-0.124 (0.126)
Age	1.144 (0.980)	0.482 (1.295)	1.074 (1.025)	-0.942 (0.870)	0.748 (1.250)	-1.357 (0.884)
Age Squared	-0.0233 (0.0195)	-0.0116 (0.0257)	-0.0218 (0.0205)	0.0171 (0.0163)	-0.0134 (0.0234)	0.0247 (0.0166)
Marital status	-	-	-	0.911** (0.415)	0.873* (0.515)	0.758* (0.421)
Household Size	-0.259*** (0.0559)	-0.218*** (0.0764)	-0.254*** (0.0577)	-0.204*** (0.0317)	-0.185*** (0.0452)	-0.209*** (0.0325)
Family Financial Support	-2.607*** (0.172)	-2.783*** (0.322)	-2.615*** (0.186)	-2.681*** (0.0935)	-3.702*** (0.232)	-2.491*** (0.0958)
Major (Social Studies)	-0.413 (0.339)	-0.576 (0.518)	-0.495 (0.344)	-0.0104 (0.147)	0.469** (0.223)	-0.0433 (0.147)
Major (Engineering)	-0.207 (0.339)	0.489 (0.512)	-0.656* (0.346)	0.0216 (0.147)	1.122*** (0.214)	-0.265* (0.149)
Major (Natural Sciences)	-0.653* (0.362)	-0.790 (0.560)	-0.755** (0.367)	0.0485 (0.159)	0.825*** (0.226)	-0.106 (0.161)
Major (Performing Arts & Sport)	-0.694** (0.337)	-0.652 (0.513)	-0.840** (0.343)	0.243 (0.173)	0.634** (0.254)	0.162 (0.173)
Major (Education)	0.624 (0.606)	-0.565 (0.942)	0.646 (0.609)	1.421*** (0.245)	-0.850* (0.476)	1.451*** (0.243)
Major (Medicine & Pharmacy)	0.657 (0.426)	0.610 (0.602)	0.601 (0.432)	0.787** (0.315)	0.499 (0.443)	0.821*** (0.313)
College Location (Gyeonggi)	0.636*** (0.227)	0.521* (0.310)	0.737*** (0.235)	0.139 (0.141)	0.778*** (0.207)	0.0923 (0.143)
College Location (Chungcheong)	0.310 (0.273)	0.0359 (0.374)	0.432 (0.281)	-0.0219 (0.135)	0.751*** (0.196)	-0.141 (0.137)
College Location (Gyeongsang)	0.0657 (0.237)	0.0875 (0.318)	0.179 (0.246)	0.0168 (0.129)	0.649*** (0.191)	-0.0828 (0.131)
College Location (Jeolla)	0.336 (0.294)	-0.0493 (0.408)	0.425 (0.305)	-0.0465 (0.156)	0.143 (0.231)	-0.0640 (0.158)
Graduation year	0.130 (0.399)	0.0132 (0.570)	0.0311 (0.409)	0.0259 (0.111)	-0.117 (0.158)	0.0592 (0.113)
GPA	0.119 (0.0916)	0.163 (0.133)	0.117 (0.0953)	0.104 (0.0722)	-0.00737 (0.107)	0.107 (0.0746)
Attendance duration	0.0156 (0.0675)	-0.0206 (0.0854)	0.0197 (0.0699)	0.0145 (0.0402)	0.0883 (0.0552)	0.00371 (0.0413)
Constant	-11.24 (12.16)	-4.475 (16.19)	-10.51 (12.68)	15.50 (11.55)	-10.75 (16.65)	21.04* (11.74)
Observations	2,566	692	2,020	6,662	1,749	5,425

Note: *** if $p < 0.01$, ** if $p < 0.05$, and * if $p < 0.1$. Numbers in parentheses are standard errors.

tor was significantly higher among four-year college graduates than two-year college graduates. However, in the manufacturing sector, the difference became narrowed and insignificant.

As for academic majors, engineering had a significantly positive employment effect in the manufacturing sector but a significantly smaller one in the service sector. In service sector employment, education, medicine, pharmacy and humanities majors seem to have relatively positive effect on employment. GPAs have a significantly positive effect on employment in the service sector and a positive but statistically insignificant effect on employment in the manufacturing sector.

Now we divide youths by education: two-year college graduates and four-year college graduates. In this case, we only consider youths aged 20 to 29.

As for academic majors, majoring in engineering was shown to have a significant effect on employment probability in the manufacturing sector, but not in the service sector. A college located in the Gyeonggi region, where more manufacturing SMEs are located, seems to have some advantage for youth employment in manufacturing. Though estimates are statistically insignificant in some cases, young males have higher probability being employed in manufacturing; young women are more likely to work in the service sector. Marital status has a small, significantly positive effect on employment probability both in manufacturing and in services.

4. Discussion

(1) Characteristics of Youth Labor Market

The characteristics of the youth labor supply in general can be summarized as follows. Youth unemployment has risen since 2011, and the employment rate has not reached 60 percent since 2011. Among OECD major countries, Korea and Australia show rising youth unemployment trends while other major countries such as Germany, Japan, United States show declining youth unemployment rates after the global financial crisis.

As for Korea, time series data shows that youth with higher levels of education have had more difficulty in finding a job in recent years. While youth with a high school degree have exhibited a stable trend in unemployment, unemployment among two-year and four-year college graduates is rising.

When youth groups are subdivided by education and age, college graduates in their late 20s account for the greatest single bloc of unemployed, at 150,000 individuals. Meanwhile the unemployment rate is highest among college graduates in their early 20s, at 17.5 percent, according to the Economically Active Population Survey (2018). Considering the rising trend of unemployment among college graduates, these subgroups need special attention from policymakers.

The characteristics of youth employment in SMEs can be summarized as follows. Young

people below 40 and older people over 60, compared with other age groups, are more likely to be employed in the service sector. People in their 40s and 50s tend to work in the manufacturing sector. The proportion of young people in their 20s working in the service sector was 14.3 percent, which seems to be attributed to the high rate of employment of young people in the food and accommodation and wholesale and retail services industries.

Labor shortage rates at SMEs, according to an SMS survey, may vary across industries. Labor shortages are most severe in the manufacturing sector, at 3.1 percent, followed by construction at 3.0 percent and services at 2.8 percent. So manufacturing SMEs suffer comparatively more from labor shortages than other industries, and smaller SMEs tend to have more serious problems finding workers.

(2) Discussion on the Estimation Results

According to the estimation results, the economic support from families has a significantly negative effect on both SME and non-SME employment. In many European countries, welfare programs have a negative impact on labor market participation. While in Korea, where public welfare is comparatively weaker than it is in many EU countries, family support seems to perform this function.

Majoring in engineering had a significantly positive effect on employment at manufactur-

ing SMEs, but a significantly negative one in the service sector. In service sector employment, majors in education, medicine, pharmacy and the humanities seem to have relatively higher employment effect. Being married has a small but positive effect on youth employment. GPA exhibits a significantly positive effect on employment in the service sector, and a positive but statistically insignificant effect in the manufacturing sector. When age is narrowed to 20 to 29 years old, the positive employment effect of a four-year college degree seems to decrease slightly. This could be mainly due to the fact that four-year college degree has become more common than before. Graduation year and duration of attendance do not seem to have a significant difference on youth employment.

As suggested in the foreign literature, youth employment policies are less effective when the economy is in recession. This seems to be due to the tendency of companies to refrain from new hiring when during economic downturns. The effectiveness of active labor market policies is mixed depending on economic context and institutional aspects of the labor market. In particular, training programs were not expected to be effective in the context of economic recession and structural unemployment, and the effectiveness of public employment services is also less effective during economic downturns.

In the case of short-term public job programs, research shows that social safety nets

may have short-term effects, but there is no improvement in employment after the program ends. It is important to enhance linkages with the labor market in order to augment the effectiveness of such programs.

In addition, much of the research literature has emphasized clear policy targeting. In EU regions, for example, the age range of young people is mostly defined as 15 to 24 years old, and in some occasions, covers 15 to 29 years old. However, the definition of youth in Korea seems to be too flexible. The age range of youths is generally defined as from 15 to 29 years of age, extended principally due to the unique system of mandatory military service in Korea. An annual survey on the economically active population conducted in May reflects this age range. However, in some employment policy programs of the Ministry of Employment and Labor, youth is defined as being from 15 to 34 years old. In other programs, the range is extended as far as 39 years old. If the range is extended excessively, it should be treated as a general employment policy rather than a youth employment policy.

Youth employment policies need to be better targeted to unemployed college graduates in their 20s and millennials (the children of baby-boomers).

The programs need to be systemized and focused on strengthening employability since too many youth employment policy programs may cause confusion for young people or make them dependent on the programs.

Youth employment indices of major OECD countries show a gradual improvement in employment conditions for young people, so it is necessary to carry out systematic and continuous efforts with a medium- and long-term policies.

Currently, the government devotes a greater amount of budget resources to short-term prescriptions to boost youth employment. This ostensibly takes into account the urgent nature of the youth unemployment problem, but it is necessary to consider the sustainability of the effect when the subsidies are cut. In this sense, more fundamental policy measures are needed to secure innovative growth engines to generate decent jobs for our youth.

Kim Juyoung | Research Fellow | Center for Industrial Policy Research | kjy@kiet.re.kr