Challenges in Human Resource Development in Asian Countries

2002. 11

Sangwon Ko
sangwon@kisdi.re.kr

New Challenges in HRD

• What is HRD? Activities of education, initial training, continuous training, and lifelong learning that develop and maintain individuals’ employability and productivity over a lifetime
• Drivers of changes: Globalization, Skill-biased Technological Change, New work organization (IT & decentralization)
• Proactive function and Remedial function of HRD


Identifying Trends Of Upskilling

• Unemployment rate of the unskilled increases (European Countries)
• Wage premium of the skilled increases (US)
• Inequality of income distribution increases

In case of Korea, however, unemployment rate of the educated has increased and educational wage differential has narrowed even with skill-biased technological change.
Consequence of Rapid expansion of university education

The rapid expansion of university education during 1980's, qualified workers poured into the labor market. The unemployment rate of the highly educated has been greater than the total unemployment rate. As sudden external shock, the Asian financial crisis, hit the labor market in the last quarter of 1997, the unemployment of the uneducated started to increase much faster than that of the educated. Since 1996, the unemployment rate of the highly educated has been lower than that of less educated.

Declining educational wage differentials in Korea

The educational expansion not only leads to a rise in the unemployment rate of the highly educated but also to a drop in wage differentials by educational levels. Until the mid-1980’s the average wage of college graduates was 2.3 times greater than that of high school graduates, and in 2000 the average wage of college graduates was only 1.5 times greater than that of high school graduates. The average wage of junior college graduates, which was 1.5 times greater than that of high school graduates in 1990, dropped to only 1.03 times greater than that of high school graduates in 2000.
Enrollment Ratios for Secondary and Tertiary Education

Source: Korea National Statistical Office, 2002, Main Statistical Indicators in APEC

Research funding had been substantially increased.
Special funding for selected Graduate Schools.
Evaluation of Universities is linked with funding.
The number of technical high school had been doubled.

Industrial restructuring and the education and Training System

Education and training system need to evolve in unison with industrial restructuring. Korea's experience can shed light on other Asian countries.

Evolution of education and training system of Korea

More responsive education and training system
- Continue to increase support for university research (BK21)
- Institute vertical and horizontal linkage in vocational education along with school-industry partnership at the local level
- Foster Institutional diversity through autonomous decision making of schools

Challenges to the Korean education system

- Two thirds of educational expenditure comes from private sources and private schools constitute 90% of the tertiary level educational institutions.
- However, type of schools, student admission, curriculum, teacher hiring are strictly regulated by central government.

Korean Universities operates in a "department store" style, offering similar curricula.
- Local universities fails to meet local needs.
- Vocational institutions and general secondary schools are even less diversified than universities.
- Incentives for interdisciplinary and multi-disciplinary programs

There are three ways to adjust the supply to correct mismatches between demand and supply; a) shift supply curve vertically, b) shift supply curve horizontally, c) shift supply curve both vertically and horizontally. Shifting supply curve upward can be called as a quantity increasing policy and shifting supply curve to the right can be called as a quality improving policy.

Diagrammatic model of labor demand and supply

Policy options of adjusting supply of labor

**Category of Policy Alternatives in Human Resource Development**

- Providing a basic education
- Analyzing the labor market to allow sound forecasting of trends and needs in HRD
- Increasing the supply and enhancing the quality of managers, scientists, entrepreneurs, and teachers
- Reducing skills deficiencies and unemployment by training program
- Improving the quality of curricula, teaching method and instructional material
- Increasing opportunities for people seeking to gain skills
- Preparing organization and individuals to remain productive in the face of rapid economic and technological change
- Promoting HRD toward the liberalization of trade and investment