

## Schemes to Strengthen the Regional Governance of Employment Services

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**Abstract:** This study has looked into theoretical backgrounds on current status and problems of employment service system in Korea, and governance system for a solution, and has suggested strategic methods to establish governance system for efficiency of regional employment service. The employment services in Korea are that the regional based is vulnerable and the service level is low. In particular, The employment support services in the local governments are being made around the vulnerable groups, for example, the elderly, the disabled, the head woman of household etc.. The employment rate of the job seekers in 2012 was 44.9% level and was mostly the simple labor jobs. The private employment agency has also carried out the relevant work of the government and the local governments around the region vulnerable. Some of the local governments, for example, Seoul City, Gyeonggi Province, and Incheon City operate job centers separately and support for the employment support services through outsourcing. But it was the lack of linkages with the central government (Ministry of Labor) and the regional differentiation was also not great. Most of the local governments are a limit to leverage expertise because the concurrent position of one or two civil servants, the use of private contractors and public works, and so on. It is required the effective network deployment that is based on the area to solve this problem. It needs to build a network of community-based structures so that the local residents can be provided the integrated services of employment and welfare in the community. The similar organizations of public and private sector within the area are sharing the policy information and services to each other, and are needed to share the roles and the responsibilities for each function and to strengthen closely the cooperation taking into account the flow of the subjects and services.

**Key words:** employment service; regional governance; governance policy

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### 1. Introduction

The employment service is a service that solves unbalance problems in employment information, and a service that raises the employability of employment for job-seekers by providing appropriate the employment-supporting service through adjusting the desires of laborer-seekers and job-seekers. Recently, a new demand of employment service, such as improving incongruity in jobs, solving manpower shortage rate in small and middle enterprises, and supporting moves to better jobs, etc. is greatly increasing in Korea. Also, characteristics of labor market, such as job-creating ability, employment rate, labor transition, etc. is appeared

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differently by regional groups, and these regional differences tend to last structurally (Baek Kwangho, 2007). Also, the employment and human resource development policy didn't achieve the policy result through connection with regional industrial policy by maintaining the centralized characteristics. Especially, most of local governments have a limitation of professionalism due to using 1-2 public officials that hold other jobs or the private contract workers, and the employment-supporting service is that the job placement has been made mainly targeting simple labor jobs. The private employment agencies are performing the related businesses of central government and local government centering the vulnerable groups of each region. Some local governments, such as Seoul-city, Gyunggi-province, Incheon-city are providing the job services by operating separately the job centers or by doing the outsourcing, but the linkages with the central government (Ministry of Employment and Labor) is weak and also the regional discrimination is low.

The differences among regional labor markets imply the need of the industry policy and the labor market policy differentiated (which considers conditions and characters of regions). In addition, the employment policy and the human resource development policy are also telling that the practice strategy detailed (which considers a regional characteristic), has to be suggested. Especially, there have to be organic cooperation among subjects (the job center, the local government) in order to develop effectively and synthetically the job creation, the employment stability, and the human resource development that are connected with the regional strategic business.

Therefore, this study has looked into theoretical backgrounds on current status and problems of the employment service system and the governance system for a solution in Korea, and has suggested strategic methods to establish the governance system for efficiency of the regional employment service.

## **2. Current Status and Problems of Regional Employment Services**

Firstly, there is an absence of region-customized policy which can reflect the employment policy led by the central government and the regional characteristics based on enforcement of the human resource development policy. This means, it still develop a related policy uniformly in the central government and enforce these works by regional unit. As a result, the public employment-service institutes are concentrated on administrative works like paying the unemployment and managing the insured. These phenomenons are the obstacles not to be developed effectively job creation, employment stability, and human resource development connected with strategic industries by regional unit.

Secondly, even though the job centers(the public employment service institutes) claim to one-stop service in order to provide employment service in region, because of only focusing on administrative works such as paying unemployment benefits or the lack of professional manpower, it finds it hard to provide one-stop service effectively. And it is not a good herb that provides the labor market information needed when enforcing the regional specialized businesses.

Thirdly, because of uneffective connection and cooperation of the local government and the industrial groups of region, and because of difficulties in mutual discussion and adjustment with the related organizations (such as the employment and labor administration, the small and medium enterprise administration, the universities, the research institutes, the education and training institutes in region) in the planning phases of policies and business, the employment policy and the human resource development policy in region are being run uneffectively. Furthermore, the local government has problems with lack of budget support, empowerment, manpower, and

professionalism of the central department.

Lastly, it's urgent to build the regional labor statistics, which is a base data for establishing the employment and human resource development policy in region. Currently, the regional labor statistics which is an infrastructure for establishing the regional employment policy based on the labor market and the human-infra haven't been well built. Moreover, there hard to be integrated it's operation because the public institutions, the universities, the job training institutes, the businesses, the research institutes in region gather a data independently and because the types of data and the correcting standards are all different.

### 3. Regional Employment Services and Governance Policy

To solve the problem of employment service, there is a governance policy as a new public management strategy. The regional governance, at a regional level, is characterized in the openness, the participation, constantly cooperation as a concept of emphasizing the consultation and the participation among members. Therefore it can aim to achieve common purposes through mutual cooperation of government and NGOs (Stoker, 1997). Also, the regional governance has a moving feature through network of between local governments and of the civil societies, the local firms, and the communities with the local government. In order to the efficiency of employment and human resource development that are progressed as a regional unit, they need to set up and systemize the employment governance system in region.

At an early stage of the employment governance system in region, it's important to build the cooperative relationship organically with the related organization and the Subject of regions, in centering of the job centers where have expertise of employment services, and of the local governments where are municipal corporations of superior capability and networks than others. In other words, the concerned groups, such as the central organizations, the local government, the civic groups, the policy-targets, the private organizations, etc. (that participate in governance) have to solve problems together through an institutionalized network that leads the policy on an equal ground but it is not the concept of simple participation.

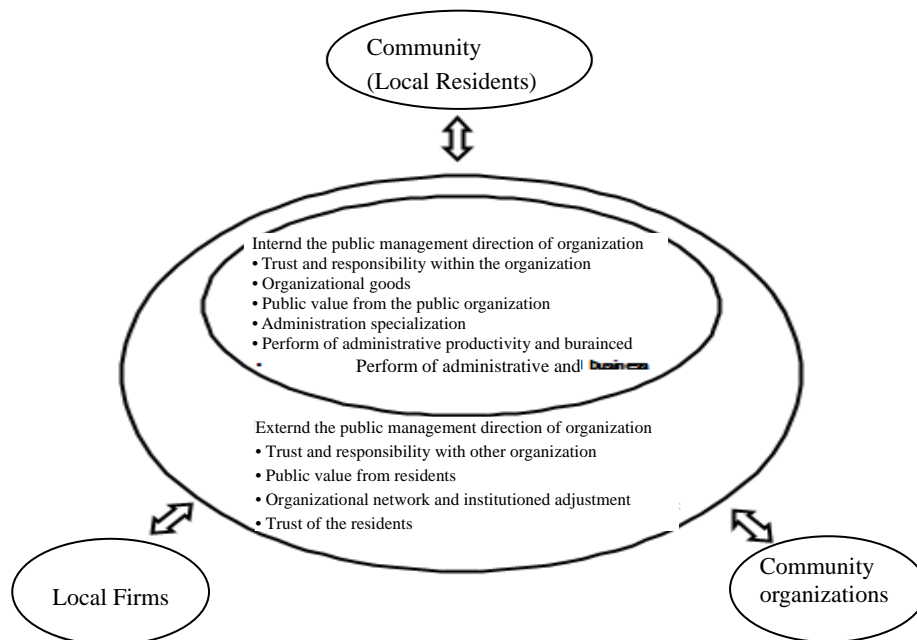


Figure 1 Public Management Direction of the Local Government for Regional Governance

The details of building the employment governance system in region through organic cooperation and participation with the related organizations and the subjects of region in centering of the job centers (public employment service institutes) are as follows.

First, it builds the partnerships through cooperation between the local government and the employment centers, and it serves as the foundation to give a base of the employment governance system in region. It needs to manage adjust enforce the regional employment business with internal competence about analyzing the labor market trend, developing the contents for employment career program, the R&D functions, and the human resource development, etc. in order to build partnership with the related organizations centering the local governments and the job centers. For this, the regional labor statistics have to be built as an information that suggests clearly the direction of establishing the employment human resource development policy in region with a change of from Top-down system to Bottom-up system in process of making and establishing the policies. Also, in order to build networks for policy consultations with the related organizations, it's needed to build closely partnership with the local government and the related organization (the universities, the NGO, the NPO, the labor-management relations, the small business development centers, the private training institutes, etc.) in region.

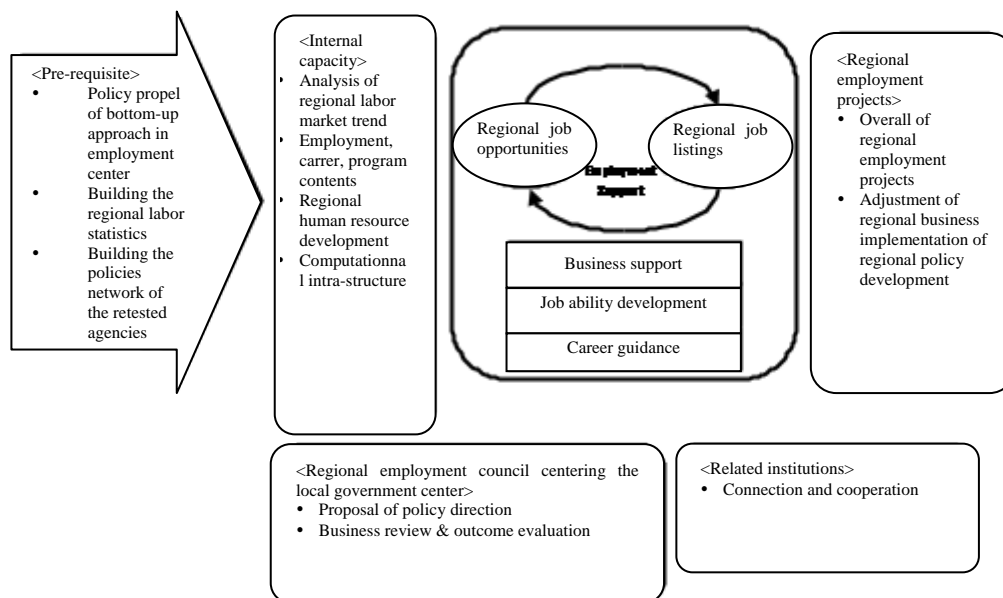


Figure 2 The First Stage of the Employment Governance System in Region (Building the Partnership)

Second, under flow of the globalization and the localization lately, each region in the whole country is putting efforts on building the regional innovation system in promoting the regional strategic industry, legislating the special act for local decentralization, and improving the system with special developing strategy. In the phase of this, in order to be developed the regional innovation system, it has to get out from the knowledge & information, the technology exchange, and the interaction relations within their areas among the innovation subjects. Also, the regional innovation policy can't be effectively performed with the hierarchical and bureaucratic operation system of the local government. In order to solve these problems, there need to be cooperation with each innovation subjects by establishing the regional governance system. And the local government and the regional offices of central government like the job centers should be a subject of horizontal governance under the regional governance system. Moreover, for efficiency of the employment governance system in region, it's important to

build the system that leads to consumer-oriented access. Namely, if it has mainly the enterprises as manpower demand (especially, the small and middle enterprises) and it build the cooperation of pan-metropolitan area centering economic area that's not assorted by administrative district, it will raise effect of the employment policy and the human resource development policy in region. For this, it's necessary to lead the regional industries (especially, workers-employers of the middle and small enterprises) to the regional governance system by participating in meetings that's for the employment and the human resource development in region).

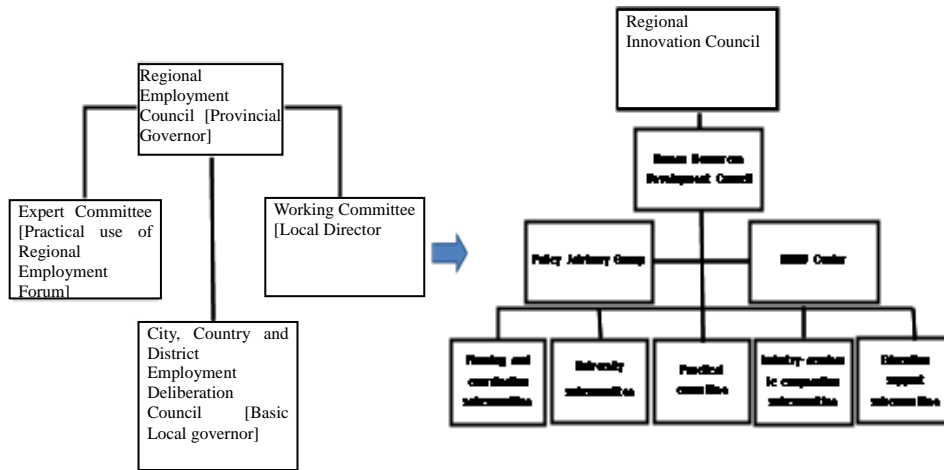


Figure 3 The Second Stage of the Employment Governance System in Region (Building the Integrated Governance)

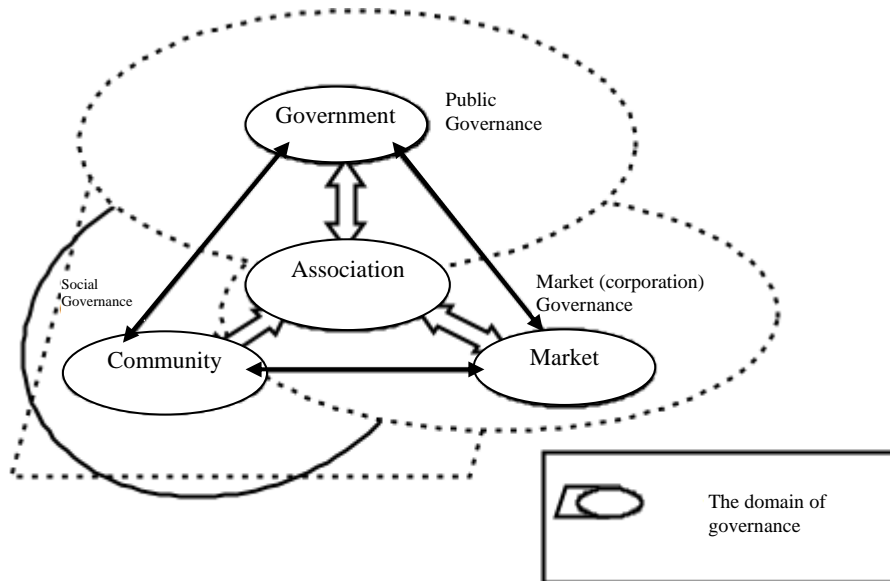


Figure 4 The Third Stage of the Employment Governance System in Region (Fulfilling the Monitoring Function)

Thirdly, there are problems of inefficiency for chance and connection of the governance caused by the hierarchical and bureaucratic inclination and the procedural control. From now on, the regional employment governance system shall be changed gradually through utilization and operation of new governance concept. A concept of new governance is a new paradigm developed by L. Salamon who presented the “third party government” theory, and this new paradigm have developed a concept of past governance into increasing roles of civil society. New governance emphasizes not only democracy, spontaneity, publicness, etc. but also more on

cooperation, partnership, and network. Especially, a concept of new governance related to the civil society emphasizes more on the roles of the civil groups than concept of traditional governance, so the civil society takes main role in operating the political society. The involvement of civic organization, NGO, NPO based on the new governance model means intervening actively in establishment stage of the employment and human resource development policy in region. Especially, monitoring and function of evaluation that's about business performance process and achievement level are revealed stubbornly in the employment and human resource development business in region. By this, it is expected to maintain mutually the controlled and horizontal governance system by having authority of adjustment and operation through active involvement of civic organization. However, to operate new governance properly, the most important thing is to have spontaneous participation, service spirit from elevated citizenship, and to share information on various policies of government.

#### 4. An Example of Problem-solving (in Bucheon Area)

Bucheon city is a basic local government of 880,000 population located in midwest Gyunggi province. Bucheon industries are consisted that the service industry is 79% and that the manufacturing industry is 21%. But because about 60% of the manufacturing industry and about 86% of the service industry have workplaces of less than 5 people (workplace of less than 10 people is 92.7%), it shows characteristics of economic structure centering the small and medium enterprises. From this case, it is required to a scheme establishing and supporting overall the employment policies, such as manpower supplying, fund supporting, skill supporting, etc. for the small and medium enterprises.

In case of Bucheon, they set up a role of each economic unit for immediate matters like activating the regional economy, enhancing the labor-management cooperation, and the employment and human resource development, etc. by revising the ordinance in 2009. Also, they composed of the labor-management civilian government council in Buchen region in order to come to an agreement and to discuss about the progress plan. In 2010, they established a secretariat which will practically operate the labor-management civilian government council. With that, the institutional strategy to the regional employment governance was provided by the labor-management civilian government council, and completed the drafts of building the integrated and unified regional employment system that can perform the local businesses effectively and build the regional employment policy through cooperation and participation.

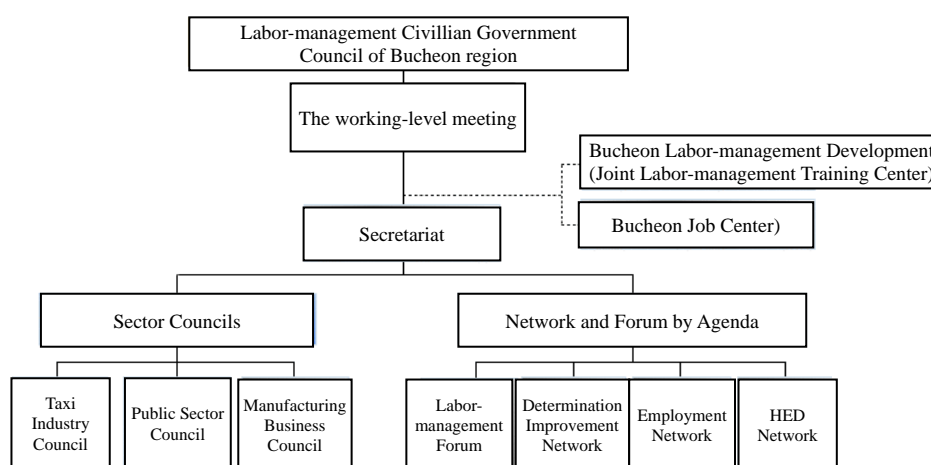


Figure 5 Labor-management Civilian Government Council of Bucheon Region (Regional Employment Governance)

The executive conference that consisted of middle manager-class of the labor-management civilian government agency who participate in Bucheon's the labor-management civilian government council have been reviewing the agendas of general meetings in advance through more than 10 meetings annually, and performing the practical duties for execution and fulfillment of every kind of businesses from its establishment until now.

The business activities that are went along by Bucheon's the labor-management civilian government council are as follows. First, it is to build the of labor-management coexistence culture through each industrial meeting. That is, it is to practice a social responsibility of the labor and the management, to control the labor-management conflict culture, and to spread the labor-management innovation culture. Second, it is to make the labor-management culture. Bucheon, where has no employment discrimination of youngs, disableds, seniors, and to innovate workplaces with settling the fair labor-management culture. Third, it is stabilization of employment governance base. That is, it is to activate the regional employment networks and the regional human resource development. Fourth, it is the employment-specialized business. That is, it is to conduct the labor-management job training of the small and medium enterprise, and to excavate the region-type employment programs. Fifth, it is integration of the labor-management and the employment. That is, it is to proceed integration of the labor-management and employment consultative organization, and to centralize and specialize the regional competence through operating the regional employment-specialist academy. Sixth, it is stabilization of the labor-management civilian government partnership. That is, it is to settle down the job creation disclosure system by monitoring it, and to secure the labor-management civilian government partnership through all regional workshops.

## 5. Conclusion and Implications

First, the differences among the regional labor markets need different the industry and labor market policy that's considered of conditions and characteristics of regions. The employment and human resource development policy led by the central government need to be changed to the region-custom policy led by the local government, and the employment service organizations in region need to provide job training course and job placement reflecting the employment conditions.

Second, it needs to cooperate organically and to lead for responsible participation among the participation subjects (the public institution and the related organization who are providers, the regional industry and the residents who are consumers) of each region through building the regional employment governance policy by considering the regional characteristics and the differences of employment. Because the regional subjects have to share, and to cooperate, and to restrain the authorities and the responsibilities when it is needed.

Third, the local governments should have the first responsibility for the human resource development and the employment creating that's right for characteristics of each region in cooperating with the regional labor and employment office. Because the capability of material human network with the regional industries and the related organization, and the professionalism for employment & labor are more important than other subjects when it build the employment governance system in regional.

Fourth, it needs to build the local-based networks for residents in order to receive the employment & welfare integrated services in communities. That is, the private & public related organization in regions need to share mutually information about a service and a policy, and to take responsibility for each function and reinforce the cooperation system by considering flow of targets and services.

Fifth, it should be raised effect of the employment and human resource development policy in region by building the pan-metropolitan area cooperation system centering economic area that's not divided by the administrative district. Also, the reinforcement for negotiating adjusting function between each department of the central government is the first consideration for operating the regional employment governance.

Sixth, the governance system is that the interested groups (such as the central organization or the local government, and the civic organization, the policy targets, the private organization) which lead the policy not to concept of simple participation have to be in an equal ground, and that have to solve problems cooperatively through one institutionalized network and to show binding force by participating in all procedure. Furthermore, there need to be participation guarantee of each subject and establishment of horizontal cooperative network among subjects in the planning process of regional employment and human resource development policy through institutionalization of legislation for the efficiency of regional employment governance system.

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