

# Structure and Characteristics of Women's Unemployment Based on the Extended Unemployment

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## Abstract

During the financial crisis at the end of the 1990s, unemployment rates in South Korea spiked and provoked related research on unemployment. However, little work on gender gaps in unemployment rates has since been undertaken, partially because the unemployment rate for women continues to remain lower than the rate for men. This paper attempts to observe the trend in the women's unemployment rate since the year 2000 and analyze why a gender gap in unemployment rates exists. The unemployment rate serves as a measure of underutilized labor supply and can be defined in a number of ways. Considering the limitations manifested in the official indicator of the unemployment rate, this paper suggests an alternative indicator that would include the time-related underemployed, discouraged workers and other inactive individuals. The official women's unemployment rate was 2.7 percent in 2011, lower than 3.3 percent recorded among men. When applying the proposed indicator instead, the women's unemployment rate for that year increases to 9.1 percent, actually slightly higher than the corresponding men's rate (9.0 percent).

**Key words:** Unemployment, women's inactivity, extended unemployment rate

## Background

As of 2011, the official women's unemployment rate for South Korea was 2.7%, which is close to full employment. However, few would agree that the female labor force is in fact being nearly completely utilized in the country. In reality, the ratio of working women

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compared to the productive female population is a mere 50%, and if we consider the actual status of unemployment as recognized by women themselves, the situation is dramatically worse. Furthermore, the official Korean women's unemployment rate has remained at a lower level compared to men's, which is a quite different situation from what is found in other countries. In most OECD member states, women appear to face greater risk of unemployment than do men. Under the assumption that the existing official unemployment indicators may be underestimating the actual number of unemployed by restricting the conditions for job seeking activities and other factors, this study is aimed at identifying more accurate information on the status of the underutilization of the female labor supply by expanding unemployment indicators to include discouraged workers, underemployed workers and people preparing for employment.

## Characteristics of the Official Unemployment Rate

Korea's official unemployment rate is obtained through Statistics Korea's economically active population survey and based on the definition of the unemployed as 'those who have not engaged in paid work during the survey period, were actively seeking employment over the past four weeks (or one week),<sup>2</sup> and would be available to work if a job were offered'. Since the late 2000s, the unemployment rates for Korean men and women have consistently remained around 3% and 2%, respectively. The number of unemployed workers has been on the decline, with the number of unemployed women standing at 280,000 in 2011, making up 36.8% of the 760,000 total unemployed workers.

The official unemployment rate is characterized as follows. Among both men and women, those in their 20s show the highest unemployment rate. Women tend to have a lower unemployment rate as they grow older, approaching 1% for those in their 40s. Age is the strongest factor in terms of influence on the unemployment structure, surpassing education, marital status and householder status.

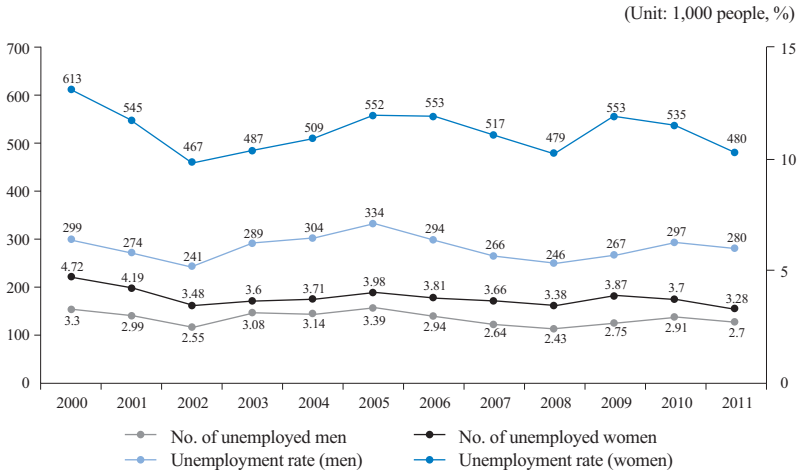
The results of a comparison of the two genders concerning 'job seeking activities', the single most important variable in the official unemployment rate, indicated that women had briefer job seeking periods than did men. While this indicates that there are more men among the long-term unemployed, it also implies that women tend to abandon job seeking efforts earlier than do men. When considering job seeking methods and channels, more women appeared to use official methods and channels than did men.

For a more detailed understanding of the characteristics of long-term unemployment, a comparison was made between men and women who had not worked for a period of one year or longer. The result showed that those in their 20s comprised the largest share among both men and women, indicating the gravity of youth unemployment. The

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<sup>2</sup> This study calculated the unemployment rate according to the OECD standard of four weeks.

unemployment rate was especially elevated among more highly educated youth, suggesting the need for an unemployment policy that considers the characteristics of this group.



Source: Statistics Korea (annual statistics), reanalysis of raw data from the economically active population survey

Figure 1. Trends in unemployment rates and numbers of the unemployed by gender

## Official Unemployment Rate and Alternative Unemployment Rate

Three criteria are officially applied for determining unemployment in South Korea. They are, first, working less than one hour during the previous week; second, active job-seeking activities pursued over the preceeding four weeks; and third, availability to work if a job was offered during the previous week. Therefore, a person who has worked at least one hour during the previous week is classified as an employed worker, and among those who have not, those who do not satisfy either of the remaining two criteria of active job seeking activities or availability to work are not classified among the unemployed, but are assigned instead to the economically inactive population.

The official unemployment rate as calculated according to the above procedures is based on the standards of the International Labor Organization (ILO). While it is designed to encourage job seeking by featuring active job seeking activities as one of its conditions, it has been criticized for failing to properly reflect recent changes in economic conditions. This critique should be considered even more important in the case of women, since there

is a serious underutilization of the labor supply in terms of women, including underemployed workers and discouraged workers, despite their low official employment rate.

Given this background, there have been continued attempts to expand the measurement of unemployment to various categories. Kim Yong-hyeon (2005) borrowed the concepts of the U-1 through U-6 unemployment rates as devised by the Bureau of Labor Statistics (BLS) of the United States in acknowledgement of the existence of the extensive group of latent unemployed that the unemployment rate overlooks. However, Hwang Soo-kyeong (2010:106-109) pointed out that the standards for the BLS unemployment rates were still too strict for application to the Korean situation because, for example, they require past job seeking activities, and that the standards are limited in explaining forms of semi-unemployment that are unique to the Korean labor market. She went on to propose an expanded unemployment rate that she deemed more appropriate for the Korean context. She also pointed out that when the unemployment rate was calculated in this way, the ratio of the extended unemployment rate compared to the official unemployment rate would be much higher among women than among men, demonstrating that an understanding of women’s employment solely based on the official unemployment rate would include considerable distortion.

Theoretically, the workforce is divided between the three categories of employment, unemployment and economic inactivity, but in reality it is difficult to completely distinguish among these categories. This is because some people work for a minimum number of hours due to an inability to find the type of job they prefer, while others are unable to seek a job or are unavailable to work despite desiring employment. Such people are not included among the unemployed since they do not satisfy the three above-mentioned conditions, but since they face difficulties in securing jobs, they can be regarded as semi-unemployed. Therefore, it is necessary to reimagine the composition of the labor force by identifying workers who are on the borderline between employment and unemployment (underemployment) or between employment and economic inactivity (latent unemployment).

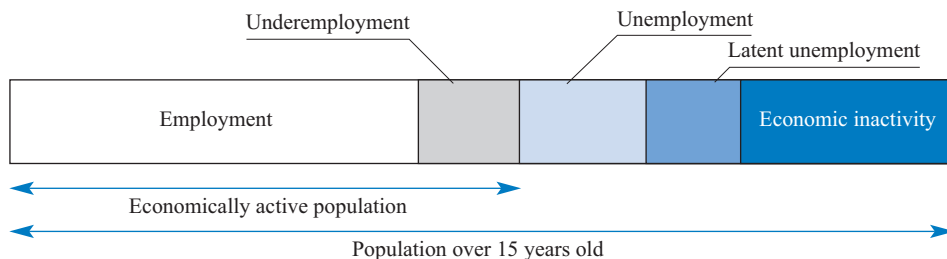


Figure 2. Composition of the labor force

To search for an improved unemployment indicator to allow a more accurate understanding of underutilized labor supply, this study first examined the results of application of the BLS unemployment rates and then applied the alternative unemployment rate proposed by Hwang (2010) to illuminate the structure and characteristics of women's unemployment rate.

## Application of the BLS Unemployment Rate

The statistical definitions of the U-3 (official unemployment rate), U-4 (plus discouraged workers), U-5 (plus marginally attached workers) and U-6 (plus marginally attached workers and underemployed workers) unemployment rates as formulated by the Bureau of Labor Statistics in the US are shown in <Table 1>. Relevant numbers and changes in the unemployment rates calculated by applying these statistical definitions to the results of the economically active population survey are shown in <Table 2><sup>2</sup>.

According to the definitions provided by the BLS, U-4 and U-5 are extended unemployment rates that include discouraged workers and marginally attached workers, both of whom are classified within the economically inactive population for the calculation of the official unemployment rate. Meanwhile, in the Korean case, there are similar numbers of discouraged workers and of marginally attached workers, and these two groups are much smaller compared to other groups suffering from extended unemployment.

Table 1. Statistical definitions under the BLS unemployment rates

Type of extended unemployment	Statistical definition
Marginally attached workers	Economically inactive people who responded that they want employment, are available to work immediately and have undertaken job seeking activities during the past one year
Discouraged workers	Those among marginally attached workers who responded that they want employment, are available to work, have not been able to find jobs due to issues in the labor market or for personal reasons, and have undertaken job seeking activities during the past one year
Underemployed workers	Among people working less than 36 hours per week, those who work so few hours for economic reasons, or those who would prefer additional work or a job change

<sup>2</sup> The match between the definitions and survey items was made with reference to an analysis by Kim Yong-hyeon (2005).

No significant gender difference or annual fluctuations are apparent among them, and there is thus a lack of distinctive female characteristics to inform an understanding of the structure of women’s unemployment.

The U-6 unemployment rate, which covers the broadest population, includes marginally attached workers and underemployed workers who are categorized as employed according to the official unemployment rate. The numbers of underemployed workers total around 400,000 to 500,000 for both men and women; it can be seen that this group is larger than those of marginally attached workers and discouraged workers and experiences greater yearly fluctuations as well.

As unemployment is strongly influenced by macroeconomic factors such as economic fluctuations and industrial structure, annual changes in the U-6 rate may not differ considerably from those witnessed by the official unemployment rate. However, the range of fluctuation in the U-6 rate is much greater than that of the official unemployment rate. This appears to indicate that changes in the number of underemployed workers, those who unwillingly work only part time, have a major influence on the U-6 unemployment rate. As both the number of and changes in the makeup of underemployed workers are susceptible to shifts in the employment environment, such as employment flexibility, it may be helpful to understand the structure of extended unemployment by taking into consideration this factor. More women tend to be engaged in part time work than are men, and they are more likely to find themselves in part time work during an economic recession, so women feature a higher U-6 rate than do men, in contrast to the status of the official unemployment rate.

Table 2. Changes in unemployment rates calculated using the BLS criteria

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Total</b>												
Marginally attached workers	187	133	79	99	108	133	128	116	130	174	243	228
Discouraged workers	165	120	69	89	100	125	121	108	118	162	220	211
Underemployed workers	916	898	847	731	900	905	843	846	925	1033	925	871
U-3	4.14	3.69	3.09	3.39	3.47	3.73	3.44	3.23	2.98	3.4	3.37	3.04
U-4	4.85	4.21	3.38	3.76	3.89	4.23	3.93	3.66	3.45	4.04	4.57	3.85
U-5	4.94	4.26	3.42	3.8	3.92	4.27	3.96	3.69	3.49	4.09	4.65	3.91
U-6	9.06	8.29	7.11	6.98	7.75	8.06	7.45	7.17	7.28	8.3	8.03	7.36

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Men</b>												
Marginally attached workers	101	78	48	55	57	76	79	73	77	105	144	137
Discouraged workers	90	72	43	52	54	71	75	69	71	99	132	129
Underemployed workers	455	449	442	369	459	473	444	451	474	520	461	445
U-3	4.72	4.18	3.48	3.6	3.71	3.97	3.81	3.66	3.37	3.87	3.7	3.28
U-4	5.37	4.71	3.79	3.97	4.09	4.46	4.32	4.12	3.85	4.53	4.57	4.13
U-5	5.45	4.75	3.82	3.99	4.11	4.49	4.35	4.15	3.89	4.57	4.65	4.18
U-6	8.92	8.18	7.11	6.71	7.44	7.88	7.51	7.33	7.22	8.3	7.81	7.19
<b>Women</b>												
Marginally attached workers	86	55	31	44	51	56	50	43	53	68	99	91
Discouraged workers	75	48	27	38	46	54	46	39	47	63	88	82
Underemployed workers	461	449	406	362	441	432	399	395	452	513	463	426
U-3	3.3	2.98	2.54	3.07	3.14	3.38	2.93	2.63	2.43	2.74	2.9	2.7
U-4	4.09	3.49	2.82	3.46	3.6	3.91	3.38	3.01	2.88	3.35	3.73	3.46
U-5	4.21	3.56	2.86	3.52	3.65	3.93	3.42	3.04	2.93	3.4	3.84	3.55
U-6	9.24	8.43	7.13	7.36	8.19	8.28	7.39	6.94	7.38	8.47	8.33	7.62

Source: Statistics Korea (annual statistics), reanalysis of raw data from the economically active population survey

## Necessity for Developing a New Indicator

As seen above, definitions according to the BLS from the US were applied as an alternative to the official unemployment rate, and it became clear that certain adjustments should be made to better illuminate the Korean situation. First, the issue of those preparing for employment should be considered. In the Korean economically active population survey, people preparing for employment who were not currently engaged in any job seeking activities were categorized as economically inactive and were asked to answer further questions regarding whether they want employment; only a small proportion of them answered as doing so and they remainder were thus excluded from the category of unemployment (Hwang Soo-kyeong, 2010:115). In 2008, only 8.5% of those preparing for employment who took the survey answered that they wanted employment. Another factor is that there is no marked difference in Korea between the U-4 and U-5 groups, as shown earlier, which indicates a lack of a clear distinction between discouraged workers and marginally attached workers.

Therefore, this study attempts to expand the scope of the understanding of unemployment by defining groups that fall under the term of extended unemployment (discouraged workers, marginally attached workers, employment preparers, underemployed workers) to be mutually exclusive, in contrast to in the BLS unemployment rates, classifying employment preparers into a separate category and relaxing the criteria for job seeking activities. People preparing for employment who are mainly involved in studying for employment exams, etc. should be considered as wanting employment, but under the current survey system they are considered not to want employment and are consequently excluded from the class of discouraged or marginally attached workers. Considering job seeking difficulties experienced by Korean youth, people preparing for employment who are young and lack past experience of economic activities can be considered as a highly useful indicator.

Also, whereas the BLS defines marginally attached workers strictly as those who have pursued job seeking activities during the past one year, this study expanded the definition to those who have had either employment or job seeking activities during the past one year and included those who are unable to fulfill the employment availability condition. This can be considered a more extensive unemployment rate since under these conditions those who have been categorized under the current survey system as part of the economically inactive population, due to the lack of a question about their willingness to be employed even though they have engaged in job seeking activities, can also be included.

Finally, those among the underemployed workers who worked less than 18 hours per week were categorized as 'partially unemployed'. This is meaningful because it focuses on involuntary part time workers and considers them to be providing markedly insufficient labor in order to include them in the extended unemployment statistics as partially unemployed individuals.

As a result, extended unemployment as defined in the study features extensive additional groups of the unemployed who have been excluded from the official unemployment rate, including underemployed workers, discouraged workers, marginally attached workers and those preparing for employment. Among these groups, underemployed workers can be considered as members of the partially unemployed who share some characteristics with the unemployed even though they are in fact employed at the moment, while discouraged workers, marginally attached workers and people preparing for employment are the latent unemployed who stand on the borderline between the economically active population and the unemployed despite being officially seen as existing outside the labor market. Definitions and criteria of these groups are shown in the following <Table 3>.



Table 3. Composition of the extended unemployed population

Classification		Statistical definition
Economically inactive population	Discouraged workers	Those who want to work and are available to work immediately, but have not sought jobs due to reasons related to the labor market (Relaxation of job seeking requirements)
	Marginally attached workers	Those who are not discouraged workers but want employment <sup>2</sup> and have been recently engaged in economic activities (Job seeking or employment)
	People preparing for employment	Those who mainly prepared for employment during the previous week and do not belong to discouraged workers or marginally attached workers
	Latent unemployed	Discouraged workers + marginally attached workers + people preparing for employment
Employed	Underemployed workers	Those who want additional employment but are engaged in part time work due to economic reasons (lack of job, business slump, etc.), i.e. involuntary part-time workers
	Partially unemployed	Underemployed workers who have been working less than 18 hours per week
Extended unemployed		Unemployed + latent unemployed + partially unemployed
Extended unemployment rate		$(\text{Unemployed} + \text{latent unemployed} + \text{partially unemployed}) / (\text{Economically active population} + \text{latent unemployed}) * 100$

<Table 4> shows the changes in the numbers of the extended unemployed by category and gender based on this classification. Although there has not been a major trend of change in the number of the officially unemployed over the last eight years, the total number of the extended unemployed has continued to increase. In 2003, the number of the extended unemployed was 1.19 times that of the officially unemployed, and by in 2011 it had grown to be 1.78 times that of the officially unemployed. In terms of gender difference, whereas the numbers of the officially unemployed did not increase greatly among both men and women during the 2003-2011 period, the numbers of the extended unemployed rose by 340,000 for men and 210,000 for women. Concerning the ratio of the extended unemployed compared to the officially unemployed, it increased from 1.01 to 1.61 among men and from 1.48 to 2.07 among women.

<sup>2</sup> Those who were omitted from the unemployed because they were unable to secure jobs in spite of job seeking activities can be considered to have wanted employment due to their job seeking activities even though they were not asked if they wanted employment.

Table 4. Employment status and trends in the composition of the extended unemployed

(Unit: 1,000 people)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Total</b>									
(Fully) Employed	21,795	22,087	22,341	22,682	22,979	23,126	22,960	23,384	23,863
Underemployed workers	344	470	515	469	454	451	546	445	381
Unemployed	818	860	887	827	783	769	889	920	855
Discouraged workers	252	300	328	290	270	286	387	510	515
Marginally attached workers	59	70	71	81	70	64	91	150	138
People preparing for employment	318	355	426	488	502	547	531	538	492
(Genuine) Economically inactive	13,754	13,575	13,732	13,925	14,112	14,353	14,689	14,644	14,808
Extended unemployed	973	1,194	1,340	1,328	1,296	1,349	1,555	1,643	1,526
(Ratio)	(1.19)	(1.39)	(1.51)	(1.61)	(1.66)	(1.75)	(1.75)	(1.79)	(1.78)
<b>Men</b>									
(Fully) Employed	12,840	12,924	13,013	13,150	13,309	13,411	13,384	13,644	13,911
Underemployed workers	191	270	317	295	297	292	350	271	242
Unemployed	508	534	552	533	517	505	584	577	530
Discouraged workers	123	143	167	161	154	161	224	278	283
Marginally attached workers	23	28	34	38	31	29	41	64	59
People preparing for employment	176	195	232	274	287	308	288	291	269
(Genuine) Economically inactive	4,258	4,217	4,300	4,412	4,487	4,619	4,725	4,723	4,782
Extended unemployed	513	637	751	768	770	790	903	904	853
(Ratio)	(1.01)	(1.19)	(1.36)	(1.44)	(1.49)	(1.56)	(1.55)	(1.57)	(1.61)
<b>Women</b>									
(Fully) Employed	8,955	9,164	9,328	9,533	9,670	9,715	9,576	9,740	9,952
Underemployed workers	153	200	198	174	156	159	195	174	139
Unemployed	310	326	334	294	266	265	304	342	325
Discouraged workers	129	157	161	129	116	125	163	232	232
Marginally attached workers	36	42	37	43	38	35	50	86	79
People preparing for employment	142	159	194	215	215	239	243	247	223
(Genuine) Economically inactive	9,496	9,358	9,432	9,513	9,625	9,735	9,964	9,921	10,027
Extended unemployed	460	558	589	559	526	559	651	739	673
(Ratio)	(1.48)	(1.71)	(1.76)	(1.9)	(1.98)	(2.11)	(2.14)	(2.16)	(2.07)

Note: Figures in parenthesis refer to ratios of the extended unemployed compared to the officially unemployed  
Source: Statistics Korea (annual statistics), reanalysis of raw data from the economically active population survey

A comparison between the official unemployment rate (the U-6 unemployment rate based on the BLS standards) and the extended unemployment rate as developed in this study is provided in <Table 5>. The ratio of the U-6 unemployment rate—that with the broadest interpretation of unemployment among the BLS unemployment rates—compared to the official unemployment rate was higher for women than for men, and while the men’s ratio has gradually increased in recent years, the women’s ratio began to increase after 2005, peaked at 3.08 in 2009, and has since declined. This shows that the gap between the men’s and women’s U-6 unemployment rates is narrowing.

The ratio of the extended unemployment rate as developed in this study compared to the official unemployment rate is also higher among women than men, and the gender gap has decreased since 2010. For the U-6 unemployment rate and the extended unemployment rate, we can see that the latter has a more extensive scope. Meanwhile, the fact that the ratio of the extended unemployment rate over the official rate continues to be high implies that the official rate shows considerable limitations in terms of reflecting women’s employment.

Table 5. Comparison of the official unemployment rate and extended unemployment rates

(Unit: persons, %)

		2003	2004	2005	2006	2007	2008	2009	2010	2011
Men	Official unemployment rate	3.8	3.9	4	3.8	3.7	3.6	4.1	4	3.6
	U-6	8.9	8.2	7.1	6.7	7.4	7.9	7.5	7.3	7.2
	(Ratio)	-1.86	-2	-1.98	-1.97	-2	-2.13	-2.11	-2.1	-2.19
	Extended unemployment rate	7.4	8.3	9.1	9	8.8	8.8	10	9.8	9
	(Ratio)	-1.96	-2.14	-2.29	-2.36	-2.41	-2.48	-2.45	-2.46	-2.51
Women	Official unemployment rate	3.3	3.4	3.4	2.9	2.6	2.6	3	3.3	3.1
	U-6	9.2	8.4	7.1	7.4	8.2	8.3	7.4	6.9	7.4
	(Ratio)	-2.39	-2.6	-2.44	-2.51	-2.63	-3.03	-3.08	-2.86	-2.82
	Extended unemployment rate	7.9	8.8	9	8.2	7.6	7.8	9.1	10	9.1
	(Ratio)	-2.41	-2.61	-2.66	-2.79	-2.87	-2.99	-3	-2.99	-2.92

Note: Figures in parenthesis refer to ratios of the extended unemployed compared to the officially unemployed

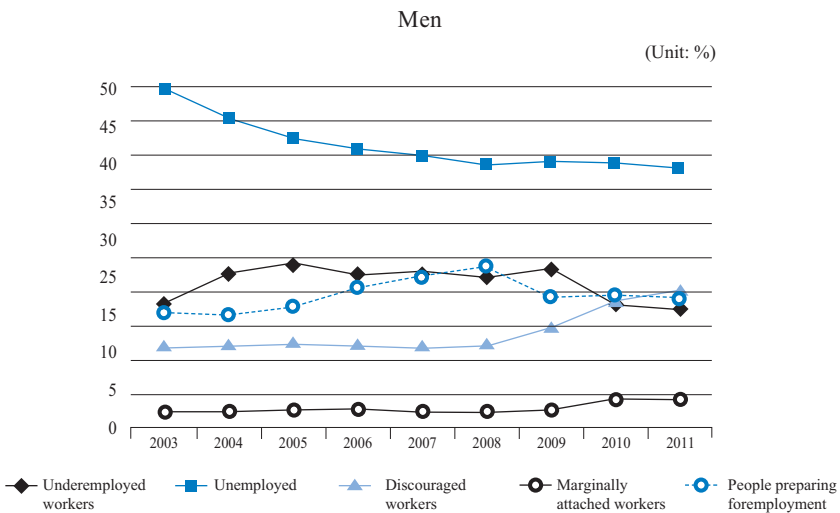
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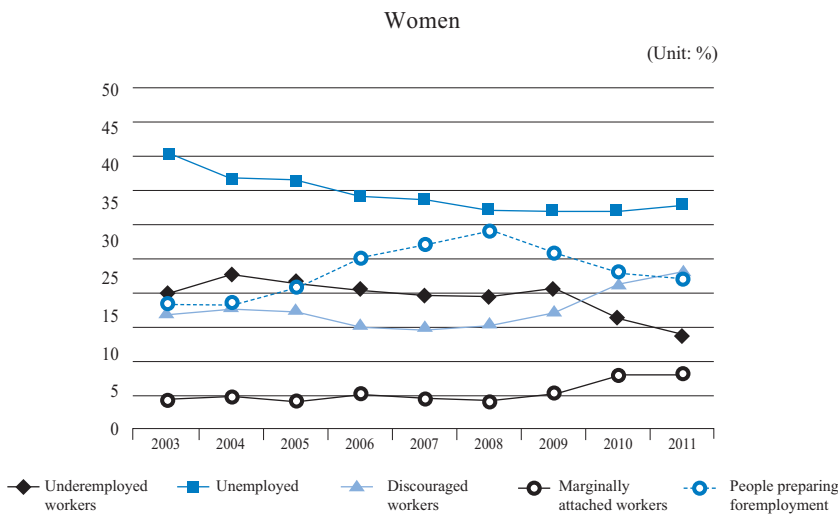
## Structure and Characteristics of Korean Women’s Unemployment

### *Changes in the composition of the extended unemployed*

When considering the changes made to the different groups of the extended unemployed, discouraged workers and marginally attached workers increased sharply in 2010 immediately after the onset of the global financial crisis. The percentage of people preparing for employment grew steadily after 2003, but leveled off after 2009. This shows that among the latent unemployed, people preparing for employment are responding differently to economic fluctuations than are discouraged or marginally attached workers. While the number of underemployed workers rose rapidly during the financial crisis of 2009, their proportion regained its previous level in the year following.

The overall composition of those suffering from difficulties with job seeking (latent unemployed + underemployed workers + official unemployed) excluding the fully employed and genuinely economically inactive population shows that there are greater numbers of officially unemployed and underemployed workers among men but more discouraged and marginally attached workers and employment preparers among women (See <Figure 3>). This implies that more men tend to remain in the labor market even if they experience job seeking difficulties, but more women tend to exit the labor market as the latent unemployed.





Source: Statistics Korea (annual statistics), raw data from the economically active population survey

Figure 3. Changes in the composition of people with job seeking difficulties

Notably, discouraged workers have increased rapidly among both men and women over recent years. While underemployed workers made up the largest share among the extended unemployed in 2003, discouraged workers comprised the largest proportion in 2011, followed by people preparing for employment. This occurred among both genders, but the number of underemployed workers declined more sharply among women. This means that the degree of women’s attachment to the labor market has deteriorated even further.

**Characteristics of extended unemployed women according to life cycle**

As individuals make decisions on economic activities according to the situations in which they find themselves, they demonstrate a notable difference in their participation in economic activities according to where they may be situated in their life cycle. Gender also produces a significant difference. <Figure 4> and <Figure 5> show the changes in the labor force in terms of gender and age between 2003 and 2011. The dotted lines indicate the status of the fully employed and genuinely economically inactive population excluding the extended unemployed (right axis), while the solid lines show the status of the official unemployed and extended unemployed population (left axis). Numerical figures show the ratio within each age group.

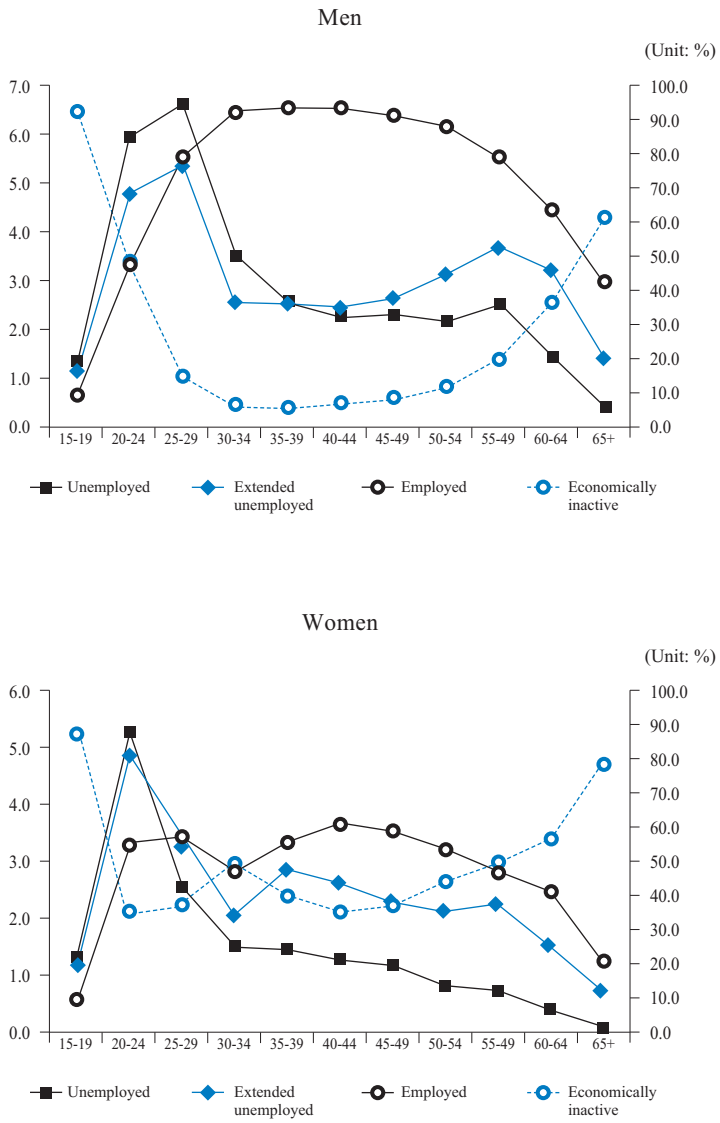
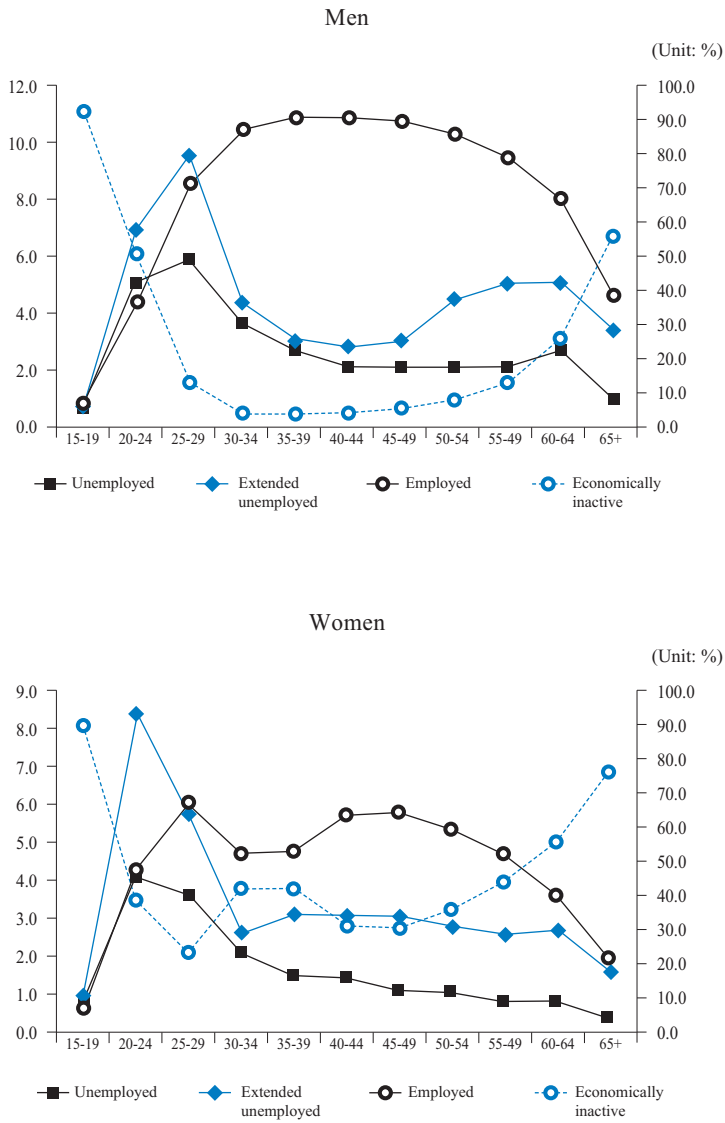


Figure 4. Status of labor force by gender and age (2003)

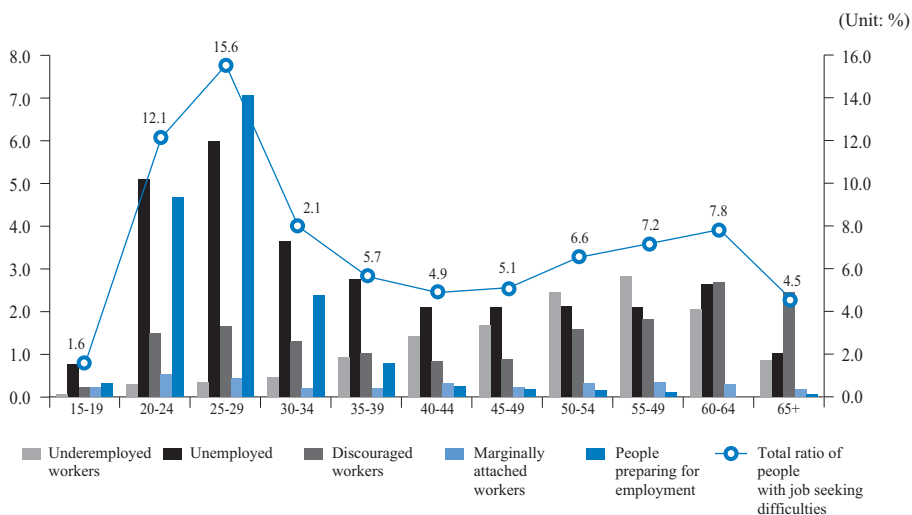


Source: Statistics Korea (annual statistics), raw data from the economically active population survey

Figure 5. Status of labor force by gender and age (2011)

We can clearly observe a U-shaped pattern for men and M-shaped pattern for women in terms of the status of labor force among different age groups. In the men’s case, it is apparent that they are incorporated into the labor market while relatively young, approach 90% employment during their prime decades of the 30s and 40s, and begin to exit the market during their late 50s. Meanwhile, women join the labor market at a similar age as do men, but many of them become economically inactive as they enter their 30s. Although some return to the market after the age of 40, the percentage employed remains only slightly over 60% and they begin to transition out of the market in their late 50s.

A gender gap is also noticeable in the changes in the ratios of the unemployed and extended employed in different age groups. As men commonly enter the labor market later than women due to mandatory national service and for other reasons, the ratios of the unemployed and extended unemployed are highest when men are in their late 20s, whereas these ratios for women rise rapidly during their early 20s and then gradually decline. Once they join the labor market, the proportion of the unemployed changes little in men’s case, but that of the extended unemployed rises steeply after the age of 50. This suggests a deterioration in their employment status at this age as they face mandatory retirement from their workplaces. Concerning women, the ratio of the unemployed gradually declines as they age, but that of the extended unemployed rises in their late 30s when their employment status deteriorates drastically. It is maintained at a considerably high level after this point.

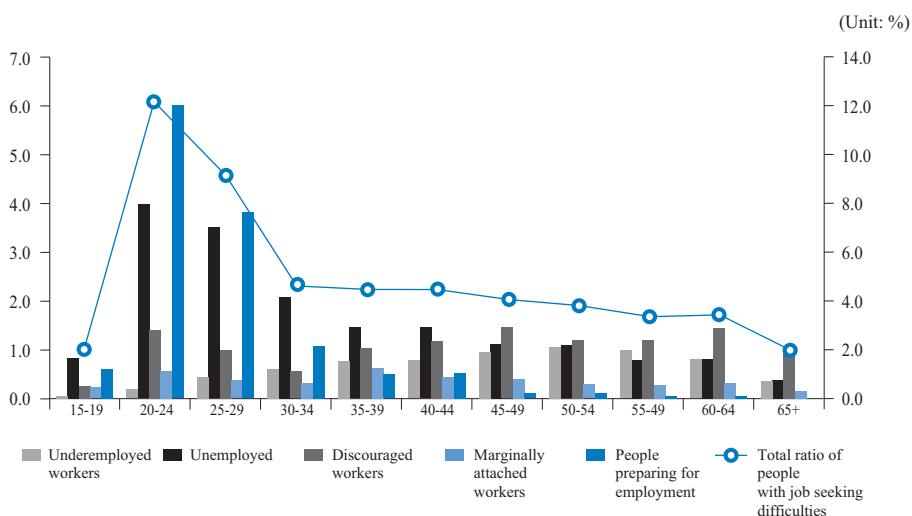


Source: Statistics Korea, raw data from the economically active population survey

Figure 6. Composition of men with job seeking difficulties by age (2011)



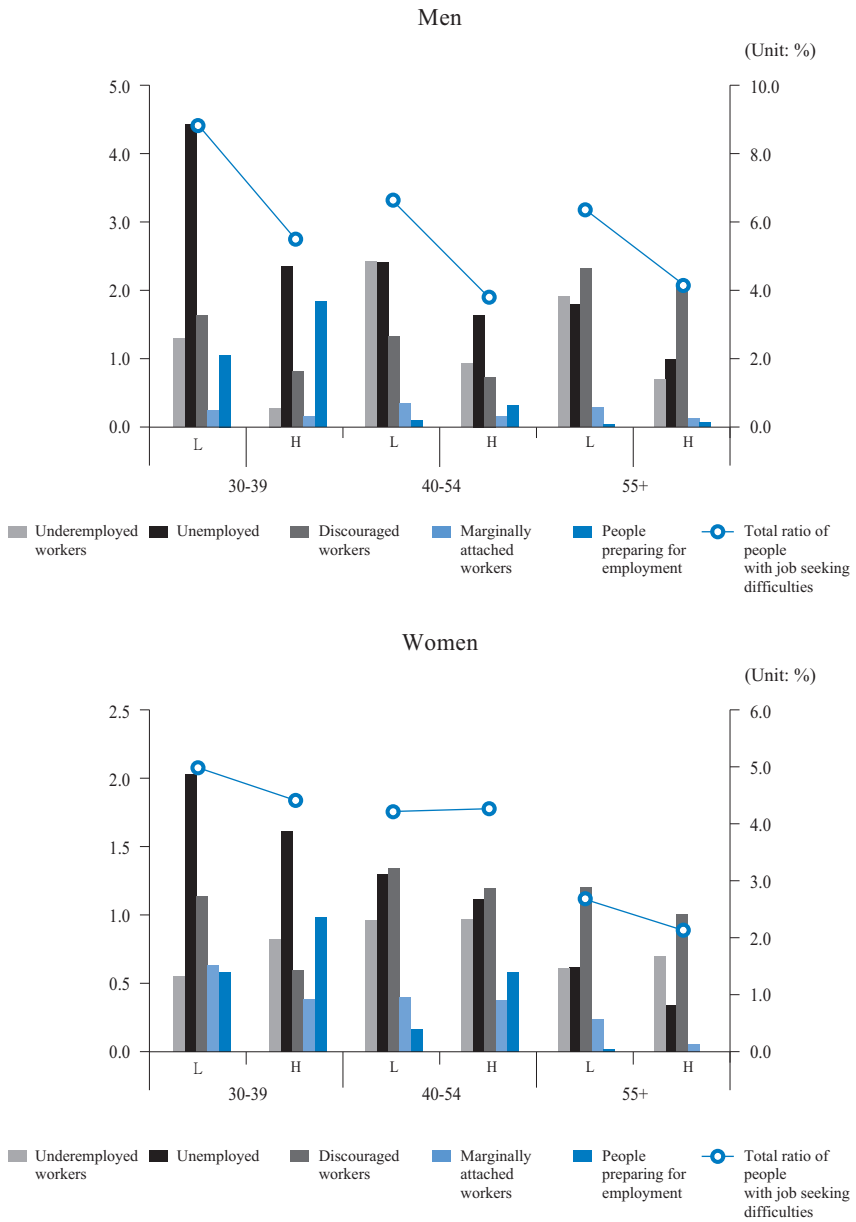
<Figure 6> and <Figure 7> illustrate the composition of men and women suffering from job seeking difficulties in different age groups. For both young men and young women first entering the labor market, the officially unemployed and people preparing for employment make up the majority of the population. In men’s case, people preparing for employment continue to comprise a large share until they reach their early 30s, but decrease rapidly thereafter, and underemployed workers take a relatively large share. This reflects the fact that men in their prime working years find employment in one way or another. After they reach 50 years of age, however (the point at which they often face mandatory retirement), the ratio of discouraged workers appears to grow sharply.



Source: Statistics Korea, raw data from the economically active population survey

Figure 7. Composition of women with job seeking difficulties by age (2011)

In women’s case, on the other hand, people preparing for employment take up a certain portion during their 40s as well as in their 30s. This is because additional people preparing for employment are appended as many women experience career discontinuity. Also, during their prime employment years there are more discouraged workers or marginally attached workers than underemployed workers, indicating a weaker attachment to the labor market for women compared to men.



Note: L indicates high school graduates and below and H indicates junior college graduates and above

Source: Statistics Korea, raw data from the economically active population survey

Figure 8. Composition of people with job seeking difficulties by age and educational level (2011)

<Figure 8> shows the ratio and composition of the extended unemployed in terms of educational level. In the men's case, clear differences can be seen among the different education groups. Men with a lower level of education appeared to experience job seeking difficulties and demonstrated an especially high ratio of underemployed workers among the overall extended unemployed. However, in women's case, differences in educational level did not seem to show a significant influence on the ratios of the unemployed and extended unemployed, or even on the overall composition of the extended unemployed. In this regard, the education factor does not appear to have a major influence on women's job seeking difficulties.

## Policy Suggestions

### ***Development and regular reporting of a new unemployment indicator***

Unemployment rates were developed as indicators for the measurement of the underutilized labor supply. It is not easy to produce accurate and timely unemployment statistics amidst rapidly changing employment structures, and there is rising concern that the underestimation of the unemployed population assuming the condition of 'active job seeking' reduces the utility of the unemployment rate as an indicator for labor force utilization.

In order to more accurately reflect the Korean situation, this study developed an alternative indicator for the extended unemployed population including discouraged workers, underemployed workers and those in preparation for employment. The results of the examination of the size and characteristics of this unemployed population and estimation of related economic fluctuations demonstrated that this new indicator was able to provide useful information on female latent unemployed in particular. Although the official unemployment rates are 2.7% for women and 3.3% for men as of 2011, the extended unemployment rates are much higher, and the rate for women at 9.1% actually slightly exceeds that of men (9.0%).

Considering the current trends in the Korean labor market, the development and periodic publication of various types of supplementary indicators on employment with reference to the extended unemployment rate as proposed this study is strongly suggested as a means to help make sensible judgments about changes in the labor market and design appropriate policy measures.

At present, the Korean government provides information on employed workers and the economically inactive population, such as underemployed and discouraged workers, when it announces employment trends. In the future, they need to actively develop official supplementary indicators as in the cases of the US, Australia, and other countries in order to promote a more accurate understanding of the stability of the labor market and the structure of unemployment.

### ***Policy to incorporate the numerous female latent unemployed***

Given the trends of an aging population and low birth rate present in our society, increased utilization of women's labor force is being proposed as a strategy to obtain an additional labor source. However, existing unemployment policy appears inadequate to address this issues. This is mainly because the target of labor force activation at present is focused on the officially unemployed, or job seekers, and a large portion of the female labor force is not counted as among the unemployed because they fail to satisfy the condition of engagement in job seeking activities.

As a result of this study, it was possible to enhance the understanding of the structure of women's unemployment through an extended unemployment rate. First of all, while officially unemployed and underemployed workers comprise a large share among the extended unemployed in the case of men there are a great number of discouraged workers, marginally attached workers and employment preparers among women. Men tend to remain in the labor market even when they have difficulty in finding employment, but a great number of women were seen to exist outside the labor market in a state of latent unemployment. This means that it may be difficult to properly understand the job seeking difficulties of women if we fail to consider latent unemployment.

In terms of life cycle, after suffering from youth unemployment, men did not undergo major change in the ratio of the unemployed once they entered the labor market, while women experienced a major increase in the ratio of the extended unemployed during their late 30s. This trend was seen to continue throughout their later years, meaning that women's employment status deteriorates in their late 30s and remains poor afterwards. Notably, unlike in the men's case, female underemployed workers are distributed evenly among those in their 30s, 40s and 50s, reflecting their unfavorable employment status and concentration on part-time labor.

In addition, although those preparing for employment make up a large portion of men before they enter the labor market, females preparing for employment continue to take a certain share not only in their 30s, but also in their early 40s as well; these women are mainly seen to be preparing for reemployment following career discontinuities.

In conclusion, discouraged workers, marginally attached workers and people preparing for employment are frequently found among women and are situated in a blind spot in existing unemployment policy. It is necessary to expand unemployment policy to incorporate them among its targets and provide them with active job seeking support, such as job training, as well as to alleviate their job seeking difficulties.

## References

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