

KOREAN MILLENNIALS

Research Brief No.9

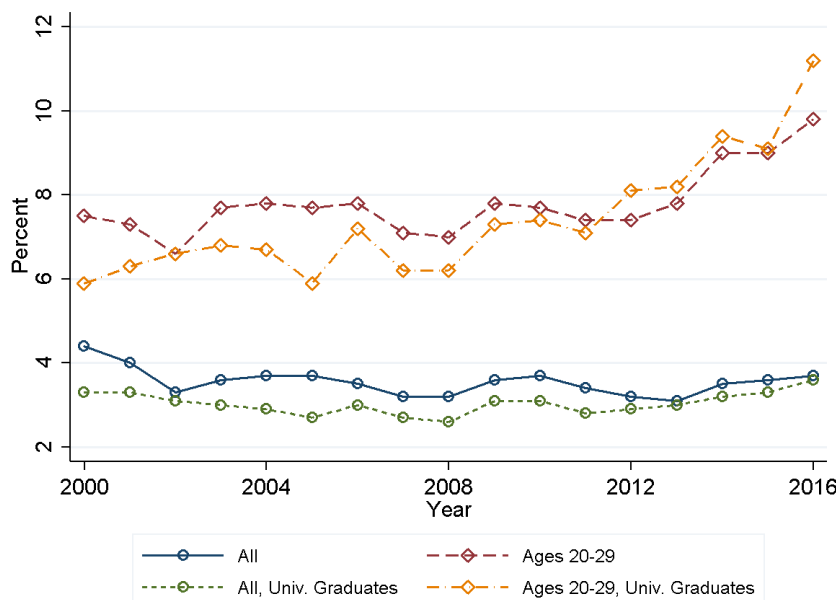
COMING OF AGE IN THE ERA OF INEQUALITY

May 13, 2020

Changes in Early Labor Market Outcomes Among Young College Graduates in South Korea

By Jaesung Choi & Hannah Bae

Figure 1. Unemployment Rate, 2000-2016



Unemployment among youths (ages 20-29) in South Korea increased sharply from 6.6 percent in 2002 to 9.8 percent in 2016. The increase is especially striking between 2011 and 2016, in dramatic contrast with population trends (Figure 1). Examining unemployment by education reveals the greatest increase among young people with at least a university degree, in contrast to the pattern in the first decade after 2000, when unemployment was higher among their counterparts with less education (KOSIS 2017).

We investigate trends in the early labor market outcomes of Korean four-year college graduates (18 to 24 months after graduation) and identify the characteristics of the most vulnerable groups during a time of increasing labor market uncertainty using data from nine different graduating cohorts of the Graduate Occupational Mobility Survey (GOMS).

We find that the proportion of those who were searching for a job rather than working or staying in school increased over time (Figure 2). For the GOMS2007 cohort, the difference from the GOMS2005 cohort (reference group) was fewer than 1.4 percentage points. However, the difference between the GOMS2014 and the GOMS2005 cohorts had widened to about 5.0 percentage points.

To determine the most vulnerable group in the worsening labor market environment, we calculate differences in the predictive probability for conducting a job search at the time of the survey across several key characteristics. There is a consistent difference in the probability of conducting a job search 18-24 months after college graduation by household income at the time of college entrance, university type, and college major. Comparing results separately by year shows a growing gap in the labor market outcomes by type of university and college major.

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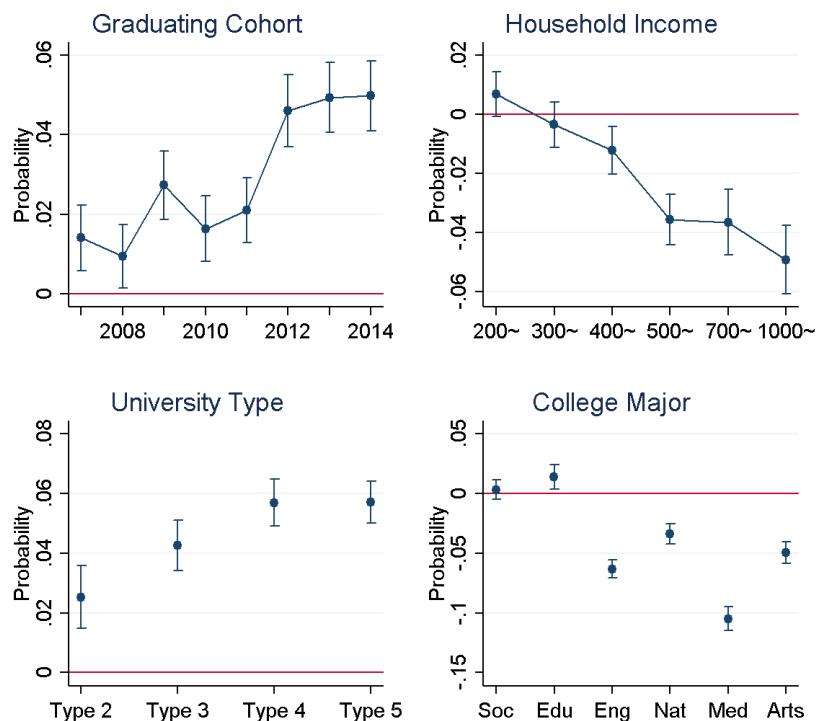
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Those who graduated from less prestigious universities in the hierarchical structure of Korean higher education faced particularly significant difficulties in employment that increased over time. Graduates who majored in the humanities (reference group), social sciences, or education also had a higher probability of conducting a job search compared to graduates who majored in engineering or medical sciences. We also find that even among those who were employed at the time of the survey, job quality deteriorated in terms of job stability and firm size.

As labor market instability increases and concerns about youth unemployment and precarious work grow, the Korean government has implemented various policies to help vulnerable youths in the labor market. Despite various recent policy interventions in Korea, there remain substantial and growing differences in the labor market outcomes by school type and college major, as depicted in this study. Hence, further support is needed for vulnerable groups of young college graduates, especially those who graduate from less prestigious colleges or those who major in the humanities or social sciences.

Figure 2. Differences in Predictive Probabilities of Conducting a Job Search at the Time of the Survey (Pooled Sample from GOMS2005–2014)



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- Choi, J., & Bae, H. 2020. "Changes in Early Labor Market Outcomes among Young College Graduates in South Korea." *The ANNALS of the American Academy of Political and Social Science* (online first).