

Determinants of Older Workers' Participation in Job Training for Future Jobs

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Abstract

This study explores determinants of middle-aged workers' participation in job training and provides implications to vitalizing middle-aged workers' participation in job training, using logistic regression analysis on Korea Labor Institute (KLIPS) data. As a result, among individual characteristics of older workers, residence in the metropolitan area, family relationship satisfaction, and householder status have a significant effect on participation in job training. Regarding job and individual work characteristics, current work experience has a positive relationship, while for corporate characteristics, presence of unions and availability of statutory severance pay have a significant effect on participation in job training. Consequently, this study provides implications for vitalizing the older workers' participation in job training.

Keywords: *Older workers, Job training, Job training participation, Wage earners, Super-aged society*

1. Introduction

In 2015, Korea's ratio of elderly people over 65 was 13.1%. When the percentage of the population aged 65 is above 7%, 14%, and 20% of the total population, a society is classified as aging, aged, and super-aged, respectively. After becoming an aging society in 2000, Korea is facing the entry into the aged society by 2018. While society continues to progress towards super-aged, the life expectancy of Koreans is increasing. In 2010–2013, the life expectancy of Koreans was 81.3 years, which is higher than in North America or Europe. Although life expectancy is increasing along with population growth, Korea's working age population rate is decreasing since 2012, and by 2060, the productive population is expected to decrease to less than half of total population [1].

Along with concerns about the aging phenomenon and productive population decrease, the retirement of the baby boomers (born in 1955–1963) has become another social issue. Retirement of 7.1 million baby boomers is a topic that requires social preparation socially, and a term was coined for it, the "Retirement bomb." Although baby boomers have begun to retire or are facing retirement, they have about 20 years to live after retirement when compared to average life expectancy. As a result of a survey for baby boomers, 63.9% wished to work even after retirement, the biggest reason being reduced income [2]. Even if the national pension is provided, they wish to work for self-development and income maintenance.

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Given the characteristics of those who wish to work even after retirement, the sustain-able use of their skills is an important topic in terms of workforce. Therefore, enhancement of individual productivity through training can increase the income-generating capacity [3]. Not only does job training of older workers increase productivity, but it also enables them to work in the future. Accordingly, it can be a measure regarding the workforce in the aging era. The government is promoting various policies and projects in order to vitalize job training for older people. By reflecting the early retirement phenomenon, it is also pushing for support costs for expanding older people's participation in job training and strengthening the respective counselling systems.

From this perspective, identifying the factors that affect the older workers' participation in job training is a predecessor necessary for skills development through the in-crease of the older workers' rate of participation in job training. Accordingly, the present study aims to analyze the factors that affect the older workers' participation in job training and, based on these, find the implications of improving the older workers' participation in job training. The research questions in this study are as follows. First, what is the actual condition of job training for the older workers? Second, what are the determinants of the older workers' participation in job training? Third, what effective measures are there for improving participation in job training for the older workers?

2. Research method

2.1. Research subject

The present study uses Korea Labor Institute's "Korean Labor and Income Panel Study (KLIPS)." The KLIPS is a longitudinal sectional survey, which tracks economic activity, movement in the labor market, income and consumption activity, education and vocational training, and social activities on an annual basis by targeting the panel sample that represents households and household members in non-rural areas. In order to reflect timeliness for determinants of older workers' participation in job training, this study used the 17th survey data, which is the most recent. It extracts subjects first, based on the age group (50–60), according to them being middle-aged workers.

Regarding the standard for the age of subjects, law on the prohibition of employment discrimination on age and promotion of employment of the elderly was referred. Although Korea does not have a clear definition of the age of the middle-aged, those between 50–55 are defined as semi-aged and those over 55 years are defined as the aged according to the Article 2 of the Enforcement Ordinance on the Prohibition of Employment Discrimination on Age and Promotion of Employment of the Elderly. Moreover, Article 19 of the Law on the Prohibition of Employment Discrimination on Age and Promotion of Employment of the Elderly specifies the retirement age of workers as over 60 years. Therefore, the people of the working-age group aged 50–60 who fall under the target age group subject to the aforementioned law were considered "the older cohort," which is the subject of this study.

Among them, unemployed based on employment status and wage paid workers, except non-wage labor, were selected as subjects. The total number of subjects that fit these criteria is 1186. Of them, the number of workers who have experience in participating in job training and workers who does not was found to be 75 (6.3%) and 1111 (93.7%), respectively.

2.2 Research tools

Based on the 17th labor panel data, variables that are expected to have an effect on decision of participation in job training, the dependent variable, were identified through the review of previous studies. Explanatory variables were divided into three factors: individual characteristics, job and individual work characteristics, and company characteristics. Individual characteristics consist of basic information, including research subject's gender and age, and status of householder, marital status, life satisfaction, and survival status of parents. Job and individual work characteristics' related variable is composed of whether the position is permanent, the position of worker, experience of current job, job, job satisfaction, and overall job satisfaction. Lastly, company characteristics variable consists of the characteristics of the company for which older worker work, including location, industry, enrollment status of national pension and employment insurance, availability of statutory severance pay, and presence of union.

2.3. Analysis method

The objective of this study is to analyze the determinants of older workers' participation in job training. For this, it conducted logistic regression analysis, in which the decision of participation in job training is a dependent variable. When a dependent variable is measured by a binary scale, logistic regression analysis is the method used for analyzing the relationship between the dependent variable and independent variables [4]. Accordingly, the present study analyzed the factors that affect the older workers' participation to job training by dividing the older workers of the labor panel respondents into the group that has experience in participating in job training and the group that has not. Logistic regression analysis was conducted in three stages in accordance with the division of the set variables. Individual and family characteristics, job and individual work characteristics, and company characteristics were inputted into Models 1, 2, and 3 in progression. SPSS 22.0 was used for analysis.

3. Research results

Fitness of each model of logistic regression analysis was verified by the Hosmer–Lemeshow test. When the Hosmer–Lemeshow test's significance probability is greater than the significance level, the model is generally regarded as appropriate [5]. As a result, the significance probability of Models 1–3 used in this study was .324, .340, and .429 respectively. Thereby, it was confirmed to be greater than the significance level. Regarding each model of logistic regression analysis, each of the chi-square values was 49.440, 84.626, and 114.490, while the significance probability was .000. This implies that more than one variable in each model has a significant effect on participation in job training, which is the dependent variable. For each model, the effect of the individual independent variable on the dependent variable, the decision of participation in job training, was verified. The results of the verification are as follows.

Model 1 analyzed the effect of individual and family characteristics on the older workers' decision of participation in job training. As a result, education, residential area, and satisfaction for family relationship were found to have a significant effect on decision of participation in job training. Education and life satisfaction were found to have a positive relationship with the decision to participate in job training. For

residence, older workers living in metropolitan areas had a higher rate of participation in job training than those living in Chungcheong, Honam, and Yeongnam areas.

Model 2 adds job and individual work characteristics to the individual and family characteristics. As a result, regarding individual and family characteristics, only the residential area of the worker was found to have a significant effect. Regarding the added job and individual work characteristics variable, current job experience had a significant effect on the decision of participating in job training. Regarding the effect of participation in job training, the metropolitan area had a higher job training participation rate than Chungcheong, Honam, and Yeongnam areas. Accordingly, the result does not differ from Model 1. For current job experience, a positive relationship between the experience of the worker's current job and decision of participation in job training was observed. Regarding the effect of current work experience on the decision of participation in job training, job training can be regarded to have taken place during the process of preparing the tasks that older workers need to perform after retirement, as the term of service increased.

Model 3 analyzes the additional input of the company characteristics variable in addition to the variables addressed in Model 2. As a result, whether one is a householder, current job experience, availability of company's statutory severance pays, and presence of union had a significant effect on decision of participation in job training.

4. Conclusions and recommendations

The objective of this study was to analyze factors affecting the older workers' participation in job training and, through this, present policy direction for job training for the older people and change of occupation after retirement. The study explored the characteristics of participation in job training for older workers, aged 50–60 through KLIPS. The results are as follows.

First, in accordance with the residential area of the older workers, residents of non-metropolitan areas were less likely to participate in job training than those living in metropolitan areas. Regarding the area, the difference in participation possibility by residential area was observed; however, the result by company location was not significant. This shows that participation possibility is irrelevant to company's area characteristics. And it comes from difference of distribution of training institution in each area where workers reside. Given the regional distribution of job training institutions on the job training portal, HRD-Net, more than half of the total 8100 training institutions are located in the metropolitan area. Additionally, regarding training courses opened for incumbents, more than 65% have been established in the metropolitan area.

Concentration of training opportunity in the metropolitan area appears to be more severe than the distribution of the older workers' area of residence. This indicates that training opportunity and infrastructure, which the older workers can use, should be expanded for each region. As such, more training can be supplied to each region by setting regional training institutes' allocation method in government funded projects or the method of increasing the distribution rate by adjusting the regional financial training costs. An alternative is improving the region's training supply and manpower capacity through promotion of regional training institutions or supply of specialized training courses.

Second, longer current job career path was associated with a positive effect on the decision of participation in job training. As the current job career path becomes longer, position and responsibilities increase. One will play a role of decision-making and management rather than a practical role and, accordingly, additional vocational training and education that are appropriate for the position and responsibilities are expected to have taken place. The study by Lee and Lim presented the research result that a higher position is associated with less burden for time out of office and less restraint on training participation and, thus, participation in training is easier [6]. However, since such participation does not help in the preparation of the third life from perspective of future employment rather than strengthening the worker's capability, a new training course that is suitable for their life-cycle needs to be planned.

In light of a reality in which society is gradually aging, workers will have the ability to work well beyond retirement age. In accordance with such reality, training on what can be utilized even after retirement is needed regarding job training for the older people. Currently, the direction of job training needs to be switched toward knowledge and technology that can be used in the long term. As this cannot be achieved by workers alone, companies and training institutes should become the center and take a strategic approach in considering older workers' living after retirement and the situation of occupational change. The government needs to develop a job training model such that companies and training institutes can implement knowledge and skill training, which can be used in the long term for older workers.

Third, matters relating to the rights and interests of workers, including the presence of unions and the availability of statutory severance pay, had a positive effect on participation in job training. This can be considered in connection with the company's size and welfare and the influence of workers within company. The older workers who work for large companies can be expected to benefit from more job training. In order for the older workers close to retirement to design a post-retirement job through job training, support for older Small and Medium Enterprise(SME) employees who relatively have few training opportunities is required. The study by Kim and Kwon considered a passive attitude of the chief executive officer and members, lack of continuity of training effect, and concern about time out of office as the factors that inhibit the training of the SME employees [7]. In order to expand the education of older workers by overcoming these concerns, the design of training projects and support system, which can actively expand the participation in job training as beneficial to all older workers and companies, is needed.

The present study selected subjects by age and employment status using KLIPS data. However, the number of workers who have experience in participating in job training is small compared to the total number. In addition, the subjects were wage workers only, not all older workers. Consequently, a study, which includes all self-employed, unpaid family workers, and unemployed in addition to wage workers, can be considered in the future. The explanatory power of the model through the analyzed variable was found to be relatively low. By reflecting the characteristics of the older workers only, an additional variable that affects participation in job training needs to be found. As a result, career transition after retirement will need to be studied in addition to job training for the older workers.

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