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EFFECTS OF THE LABOR MARKET STRUCTURE ON EMPLOYMENT TRANSITIONS IN SOUTH KOREA

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This study examines the value that employers and workers place on stable employment and that workers place on more desirable transition outcomes, as modified by various individual and structural factors, particularly the labor market structure. Results of the analysis show that the internal labor market structure has increased employment stability and the desirability of transition outcomes in Korea over time. This means that Korea's industrialization has enabled the internal labor market structure to mature enough to increase employment stability and the desirability of transition outcomes. They also show, however, that the internal labor market structure has had little influence on the ways in which other factors affect employment stability and the desirability of transition outcomes. This implies that Korea has experienced industrialization in such a short period that the internal labor market structure has not matured enough to influence the ways in which other factors affect employment transition patterns. Results of the effects of the labor market structure and other factors on employment transition patterns imply that Korea's industrialization has had mixed effects on workers' economic and social well-being. On the one hand, it has improved the overall level of workers' well-being; on the other hand, it has increased heterogeneity in well-being among different types of workers.

Key Words: Internal Labor Markets, External Labor Markets, Employment Stability, Desirability of Transition Outcomes

INTRODUCTION

Social mobility has been a major topic of sociological research. One of the most important forms of social mobility that has been studied is labor mobility: workers' movements between jobs, workplaces, occupations, industries, and regions. Labor mobility affects workers' economic and social well-being significantly because it usually accompanies considerable changes in their working conditions and social environments. Furthermore, workers' life chances, life styles, and subjective well-being are more influenced by long paths of socioeconomic rewards associated with long-term patterns of labor mobility than by socioeconomic rewards at a particular point in time (Sørensen, 2001). An employee's leaving his or her workplace, called an employment transition in this study, has a significant influence on his or her economic and social well-being, as it usually entails conspicuous

changes in earnings and working conditions, loss of earnings, or disturbances in various other life conditions. This study seeks to address explanations of employment transitions.

Two aspects of employment transitions that bear on workers' economic and social well-being are employment stability and the desirability of transition outcomes. Employment stability is important for both employers and workers. For employers, workers' frequent separations result in a high level of labor management costs and losses of workers' firm-specific skills, knowledge, and experiences that increase labor productivity and profits. For workers, unstable employment usually leads to unstable and unpredictable life conditions that decrease overall quality of life. It is important, therefore, to study individual and structural factors that influence stable employment. The desirability of transition outcomes is important for workers who leave their workplaces. Although workers generally prefer stable employment to unstable employment, they leave their workplaces voluntarily in order to increase their economic and social well-being, or involuntarily under various circumstances that they cannot avoid. When workers leave their workplaces, an important factor is the economic and social desirability of new destinations. It is important, therefore, to investigate individual and structural factors that cause desirable transition outcomes. It needs to be noted that these two aspects of employment transitions are closely related to each other and constitute a two-stage process experienced by a worker, voluntarily or involuntarily. In the first stage, whether a worker leaves his or her workplace influences his or her economic and social well-being. In the second stage, the destination at which a worker arrives after he or she leaves his or her workplace also influences his or her economic and social well-being. These two stages are closely related to each other in that the second stage is conditional on the first stage. I will explore the factors that have influenced the two aspects of employment transitions in the context of South Korea (hereafter Korea) — a country that has experienced rapid economic development for the last four decades. The factors affecting the rates of employment transitions consist of various individual and structural factors. By controlling for other individual and structural factors, this study will focus on the labor market structure, its changes over time, and its interactions with other individual and structural factors.

There are four reasons for choosing the labor market structure as the key factor in this study. First, I expect that the labor market structure plays a crucial role in shaping long-term patterns of employment transitions. In fact, some types of labor market structures, such as an internal labor market structure, which will be discussed in detail later, are devised for the purpose

of playing such a role (Sørensen, 2001). It is necessary to examine whether these structures actually fulfill their intended goal.

Second, the labor market structure can interact with other factors in influencing the rates of employment transitions. By investigating these interactions, I will make clear the effect of the labor market structure on differences in employment stability and in the desirability of transition outcomes among various types of Korean workers.

Third, the proportion of urban employees has dramatically increased as a result of rapid economic development in Korea since the early 1960s. This means that in the Korean labor market, the relationship between labor supply and labor demand has fundamentally changed. By acknowledging the basic importance of the labor market for working people's economic activities and earnings, one also acknowledges the importance of labor market structure and its changes over time in understanding the mechanisms by which employment transitions occur.

Fourth, despite such importance, the labor market structure in Korea has rarely been considered in research on various types of labor mobility or employment transitions. One of the main contributions of this study is to fill this research gap.

THEORETICAL MODELS

The labor market is the space where workers' labor power is exchanged for financial reward, so that the labor market structure refers to the way in which such exchanges occur. This study focuses on two aspects of the way in which these exchanges occur: (1) the relationship between jobs, and (2) the way in which workers are matched to jobs. First, the relationship between jobs in a labor market can be either hierarchical or horizontal in terms of authority given to occupants of each job; it is also characterized by whether or not jobs are differentiated based on levels of skills and knowledge. Second, an organization matches workers and jobs by external recruitments, internal movements, or some combination of the two. Theories of internal labor markets help specify these aspects of labor market structure systematically.

Doeringer and Piore (1985: 1-2) define an internal labor market as "an administrative unit, such as a manufacturing plant, within which the pricing and allocation of labor is governed by a set of administrative rules and procedures." Althauser and Kalleberg (1981: 130) further specify the internal labor market structure as "(*a*) a job ladder, with (*b*) entry port only at the bottom and (*c*) movement up this ladder." A job ladder is a hierarchy of jobs

requiring different levels of skills and knowledge. It does not necessarily entail entry port only at the bottom or movement up this ladder, i.e., internal promotions on this ladder. This is because it is possible that each position in a hierarchy of jobs requiring different levels of skills and knowledge can be filled with workers outside an organization. The second criterion of internal labor markets, entry port only at the bottom, does not necessarily imply the existence of a job ladder, for entry port can also be limited to the bottom of a hierarchy of jobs with the same level of skills and knowledge; it should, however, imply movement up a hierarchy of jobs with either different levels or the same level of skills and knowledge. The purpose of limiting entry port only at the bottom, therefore, is to facilitate internal promotions (Althauser and Kalleberg, 1981: 130). The third criteria, internal promotions in a hierarchy of jobs, do not necessarily imply the existence of a job ladder because they can occur in a hierarchy of jobs with the same level of skills and knowledge; but they must entail entry port only at the bottom if every position except the position at the bottom of a hierarchy of jobs is filled only by internal promotions.

In sum, in order to define a labor market as an internal labor market, one needs to first identify a hierarchy of jobs requiring different levels of skills and knowledge, then either (1) entry port only at the bottom of this hierarchy of jobs or (2) each position, excluding the position at the bottom, filled only by internal promotions in this hierarchy of jobs. In this study, therefore, an internal labor market is defined as a labor market that has a job ladder, i.e., a hierarchy of jobs requiring different levels of skills and knowledge, with entry port only at the bottom or with internal promotions as the only way of filling every position except the entry port position.[1] In contrast, an external labor market is defined as a labor market that consists of jobs requiring similar levels of skills and knowledge or as a labor market where the entry port is located at any level of positions and some positions, excluding the position at the entry port, are filled by external recruitments.

The most important subtypes of an internal labor market that have been

[1] Information on whether a labor market has a job ladder, however, is not available in the data used in this study. A job ladder is identified with internal promotions in this study. This identification is indirectly supported by some information in the data. The data contains two questions related to the existence of a job ladder for workers employed at the time of the survey: one about formal training and the other about job transfer through a job rotation system. It turns out that the majority (75.20%) of workers, who were employed at the time of the survey and had been promoted at their current workplaces, had received formal training or had experienced job transfer. In this study, unless otherwise specified, a job ladder means a job ladder with entry port only at the bottom or with internal promotions as the only way of filling every position, except the entry port position.

proposed so far are a firm internal labor market and an occupational internal labor market. If an internal labor market exists within a firm, it is called an enterprise market (Doeringer and Piore, 1985: 2-3) or a firm internal labor market (FILM). If an internal labor market exists within an occupation, it is called a craft market (ibid.: 3-4) or an occupational internal labor market (OILM). Only a few studies have been done on the effect of internal labor markets on employment stability. Using the personnel records of a large American insurance company from 1970 through 1978, Petersen and Spilerman (1990) demonstrate that the promotion rate is negatively associated with the separation rate. From this result, I suggest that employment stability is higher in internal labor markets than in external labor markets, for there are generally more promotions in internal labor markets than in external labor markets. Yoo (1996) shows that internal labor markets reduce labor mobility in Korea when three indicators for an internal labor market are met: screening devices for hiring, internal promotion ladders, and a high proportion of new entry at the bottom level.

On the basis of the conceptualizations of internal labor markets and the results of the studies presented above, this study argues that Korean employees in internal labor markets show higher employment stability than their counterparts in external labor markets. I suggest that the underlying mechanism that translates experience in internal labor markets into higher employment stability is as follows. Employers in internal labor markets believe that the efficient operation of job ladders contributes to increased profits by increasing labor productivity. Workers in internal labor markets believe that more promotion opportunities that job ladders provide lead to increases in wages and improvements in working conditions. Employers in internal labor markets try to enhance the efficiency of job ladders to increase profits, and workers in internal labor markets attempt to take advantage of promotion opportunities to earn higher wages and work under better working conditions. On the part of employers, reducing employment transitions by providing higher wages and better working conditions for workers in higher positions on job ladders is helpful for the efficient operation of job ladders.[2] On the part of employees, remaining at their current workplaces

[2] This suggestion is in line with the main themes of the various efficiency wage models (Yellen, 1984; Katz, 1986; Lang and Dickens, 1994). Most efficiency wage models assume that higher wages lead to higher profits. This assumption is based on the assumption that labor productivity and output depend on wages. In efficiency wage models, one of the intermediate factors by which wages influence labor productivity and output is the quit rate. In other words, efficiency wage models suggest that higher wages increase labor productivity and output by reducing workers' quits.

for as long as possible is necessary for taking advantage of promotion opportunities job ladders provide. As a result, employment relationships are more stable in internal labor markets where job ladders exist than in external labor markets where they do not.

This study will also argue that the Korean employees in internal labor markets show more desirable transition outcomes than their counterparts in external labor markets. I suggest that the underlying mechanism that translates experience in internal labor markets into more desirable transition outcomes is as follows. Promotions on job ladders in internal labor markets enable workers who are promoted to accumulate more material, intangible, or social assets that lead them to more desirable workplaces once they leave their current workplaces, as compared with the structure of external labor markets. Three reasons why more material, intangible, or social assets are helpful for moving to better workplaces are: (1) More material assets (such as earnings) enable workers to have more means and time to find better destinations. (2) More intangible assets (such as skills and knowledge that are related to workers' job performance) can help them to find workplaces providing higher wages and better working conditions. (3) Workers with more social assets (such as networks of interpersonal ties) have the advantage of finding better workplaces more easily, since the dominant way of matching individuals to employers is the use of interpersonal ties (Tilly and Tilly, 1998: 140; Marsden and Gorman, 2001). Material, intangible, or social assets acquired at the current workplace are especially valuable for transitions to entrepreneurship because entrepreneurship usually requires a larger amount of such assets than the other destinations.

In order to specify further the mechanism for a more desirable transition outcome, I classify destinations of employment transitions as (1) entrepreneurship, (2) new employment in internal labor markets, (3) self-employment, (4) new employment in external labor markets, and (5) nonemployment. These are ordered from the most to the least desirable destinations for employees who leave their workplaces.

Entrepreneurs are employers hiring at least more than several workers to operate their business. For employees, moving to entrepreneurship is more desirable than moving to any other destination. Employees think of entrepreneurship as an opportunity to pursue the greatest economic success, although it is usually difficult to become an entrepreneur (Casson, 1982: 347).[3] Furthermore, entrepreneurship provides the best chance to improve

[3] In this study, I define entrepreneurs as employers hiring at least five workers. I assume that the business of employers hiring less than five workers is usually for subsistence rather than entrepreneurial.

working conditions, especially autonomy in work such as work flexibility, opportunities for creativity, and control over work. The fact that entrepreneurship provides the best chance to increase autonomy in work has been pointed out by theories on entrepreneurship. The most influential theorist of entrepreneurship is arguably Schumpeter (Barreto, 1989: 22-33; Martinelli, 1994; Ripsas, 1998; Swedberg, 2000; Blaug, 2000; Brouwer, 2000). Schumpeter (1949, 1976) sees entrepreneurship as the key agent of economic development. According to him, an entrepreneur is an innovator who introduces new products, new methods of production, new markets, new sources of producer goods, or new organizations. Other aspects of the active role of entrepreneurship in economic activities have also been pointed out. Kirzner (1973) views an entrepreneur as an arbitrageur who establishes market equilibrium by being alert to and capturing unnoticed profit opportunities that already exist. According to Casson (1982: 23), "an entrepreneur is someone who specializes in taking judgmental decisions about the coordination of scarce resources."

Nonemployment comprises unemployment, in which people do not work but search for jobs, and includes those out of the labor force. Generally

TABLE 1. EXAMPLES OF WORKING PEOPLE FOR EACH EMPLOYMENT STATUS

Employment status	Examples
Entrepreneurship	Employers hiring five or more employees.* Owners of medium- to large-sized restaurants, supermarkets, groceries, bookstores, etc. Employers of private firms.
Employment in internal labor markets	Employees who have been promoted or have the prospect of being promoted. Male white-collar workers who have gradu ated from college. Male blue collar workers with implicit guarantees of long-term employment and promotion.
Self-employment	Own account workers.** Employers hiring less than five employees. Owners of small restaurants, groceries, bookstores, etc. Street peddlers selling various miscellaneous goods on their own.
Employment in external labor markets	Employees who have neither been promoted nor have the prospect of being promoted. Female blue-collar workers who have not graduated from college.

* In the data used in this study, 69 employees, each of whom had one work spell, became entrepreneurs, and only 11.59% of them hired 30 or more employees.

** In the data used in this study, there were 561 transitions from employment to self-employment, and 72.91% of these transitions involved employees becoming own account workers.

TABLE 2. SUBJECTIVE APPRAISAL OF OWN INCOME AND SOCIAL STATUS CLASSES BY EMPLOYMENT STATUS: KOREA, 1996

Employment status	Subjective appraisal				% (n = 2,618)
	Own income class*		Own social status class*		
	Mean	Median	Mean	Median	
Entrepreneurship	4.82	5	4.76	5	2.59
Employment in internal labor markets	4.58	5 (0.143)†	4.64 (0.497)	5	26.02
Self-employment	4.35 (0.005)†	5	4.28 (<0.0005)†	4	27.11
Employment in external labor markets	4.24 (0.181)†	4	4.25 (0.701)†	4	44.28

* From 1 to 10: 1 is the lowest class and 10 is the highest class (See Questions e151 and e152 in Appendix A).

† *P*-level for the difference between the figure in this cell and the figure in the one-row-above cell.

Note: All statistics are weighted by the variable designed to make the sample nationally representative (For the definition of the weighting variable, see Appendix B).

Source: East Asia Social Survey on People's Work Life: South Korea (See the DATA AND METHODS section).

speaking, nonemployment is the least desirable destination employees find themselves in once they leave their workplaces, because moving to nonemployment usually means the loss of income, at least for a short period of time.

One of the key differences between the effects of internal labor markets and those of external labor markets is that wages are higher and working conditions are better in internal labor markets than in external labor markets. In other words, internal promotions on job ladders in internal labor markets are usually associated with increases in wages and improvements in working conditions. This is because employers in internal labor markets invest more in workers, anticipating that prospects of internal promotions on job ladders make workers more likely to stay with them, so that they can elicit higher productivity from workers in the long run. It is obvious that for employees who have left their workplaces, new employment in internal labor markets is more desirable than new employment in external labor markets. Self-employment falls between these two.[4] This is because self-

[4] The self-employed consist of own account workers and employers hiring less than five

TABLE 3. ACTUAL ANNUAL INCOME AND WORKING HOURS BY EMPLOYMENT STATUS: KOREA, 1996

Employment status	Annual income including tax* (10,000 Korean won)						Weekly working hours	
	Continuous			Categorical				
	Mean	Median	% (n = 1,673)	Modal category	Category containing median	% (n = 782)	Mean	% (n = 2,531)
Entrepreneurship	2,686.54	3,000	2.67	3,000-4,999	2,100-2,999	3.24	57.87	2.65
Employment in internal labor markets	1,866.63 (<0.0005)†	1,800	31.66	1,500-2,099	1,500-2,099	20.20	50.91 (<0.0005)†	26.54
Self-employment	2,026.11 (0.021)†	2,000	23.83	900-1,499	900-1,499	41.76	64.24 (<0.0005)†	26.17
Employment in external labor markets	1,554.82 (<0.0005)†	1,500	41.85	900-1,499	900-1,499	34.80	55.84 (<0.0005)†	44.64

* Respondents answered only one question out of the question about their continuous income and the question about their categorical income (See Questions c111 and c11av1 in Appendix A).

† *P*-level for the difference between the figure in this cell and the figure in the one-row-above cell.

Note: All statistics are weighted by the weighting variable.

Source: Same as in Table 2.

employment jobs are usually not as good as jobs in internal labor markets in terms of subjective socio-economic status, earnings, and working conditions, whereas workers in external labor markets are likely to regard self-employment as a desirable path that will allow them to pursue greater economic success outside their current employment relations. This is especially true in Korea, which has a significant self-employment sector, in large part consisting of the self-employed who do not hire any employees.

The desirability of transition outcomes primarily concerns the subjective appraisal of employment statuses. Therefore, in order to justify empirically the above ranking of employment transition outcomes, the subjective appraisal of employment statuses needs to be investigated first. If information on the subjective appraisal of employment statuses is not enough for

workers in this study. The reason for considering the latter as self-employed was discussed in Footnote 3.

assessing the desirability of transition outcomes, then material conditions of employment statuses should also be considered. Table 1 shows typical examples of working people for each one of the employment statuses mentioned above, except nonemployment. Tables 2 and 3 present some statistics relevant to socio-economic status, income, and working hours by employment status for working people in Korea in 1996. More specifically, Table 2 presents the subjective appraisal of own income and social status classes, and Table 3 presents actual average annual income and average weekly working hours.

The statistics in Table 2 imply that entrepreneurship and employment in internal labor markets are more desirable destinations than self-employment and employment in external labor markets. It is true that there are few differences in the subjective appraisal of own income and social status classes between entrepreneurs and workers in internal labor markets and between the self-employed and workers in external labor markets. The statistics about the actual average annual income in Table 3, however, imply that entrepreneurship and self-employment are more desirable than employment in internal labor markets and employment in external labor markets, respectively. Although the continuous annual average income is smaller for employment in internal labor markets than for self-employment, the categorical annual income is greater for the former. Besides, one can say that working conditions are better for the former because workers in internal labor markets work much less hours than the self-employed. We can say, therefore, that we have some convincing evidence supporting the claim that for Korean employees, employment in internal labor markets is more desirable than self-employment.

In sum, I present the following hypotheses in this study.

Hypothesis 1: *Workers in firm internal labor markets show higher employment stability than workers in external labor markets.*
Hypothesis 2: *Workers in occupational internal labor markets show higher employment stability than workers in external labor markets.*
Hypothesis 3: *Workers in firm internal labor markets show more desirable transition outcomes than workers in external labor markets.*
Hypothesis 4: *Workers in occupational internal labor markets show more desirable transition outcomes than workers in external labor markets.*

DATA AND METHODS

The data analyzed in this study are from the East Asia Social Survey on

People's Work Life: South Korea (hereafter the East Asia Social Survey).[5] The Korean sample of the East Asia Social Survey is a representative sample of the entire nation except Jeju Island, and contains respondents' retrospective work histories and information on various time-constant and time-varying factors that may have influenced their employment transitions. The population was men and women aged 25 to 60 in 1996.

The observation unit and the time unit of the original data from the East Asia Social Survey are an individual and a year, respectively. To investigate factors that have influenced employment stability, the original data were transformed into event history data, the observation unit of which is a person-year. The unit of analysis for the event history data is a work spell. Calendar years for the work spells range from 1949 to 1996. The event history data contains 2,397 individuals, 3,505 work spells, and 21,098 person-years. The data for investigating factors that have influenced the desirability of transition outcomes were created by keeping only the last person-years of the 2,375 work spells that are not right-censored in the event history data. The second data, therefore, includes only 2,375 observations.

The method of analysis for the data containing all 21,098 person-years must be appropriate for time-varying, as well as time-constant variables. Event history methods satisfy this requirement, and will be used in this study. The data containing only the last person-years of the 2,375 work spells that are not right-censored will be analyzed by ordered logit models, also known as proportional odds models. Event history methods consist of discrete- and continuous-time models. Discrete-time models, rather than continuous-time models, are appropriate for the event history data in this study for the following reasons. First, the unit of employment duration in the event history data, a year, is coarse. Second, discrete-time models assume that we know only that an event occurred within a given interval. Specifically, discrete-time binomial logit models will be fit to the event history data.

In order to investigate factors that have influenced employment stability, overall employment transition rates need to be estimated using a main-effects binomial logit model and an interaction binomial logit model. Suppose that π_t is the conditional probability that an employee leaves a workplace in the current year *t*, given that he or she has not left the work-

[5] The questionnaire for the East Asia Social Survey was jointly designed by the Institute for Social Development Studies at Yonsei University in Korea, the Academia Sinica in Taiwan, and the National Opinion Research Center associated with the University of Chicago in the United States.

place yet. Then, a main-effects binomial logit model to be fit to the event history data is

$$\log[(\pi_t/(1-\pi_t)] = \alpha + \boldsymbol{\beta}^T\boldsymbol{X}$$

where α is a baseline logit, $\boldsymbol{\beta}^T$ is a vector of coefficients to be estimated, and $\boldsymbol{X}$ is a vector of time-constant and time-varying covariates, which consist of individual-, structure-, and time-level independent variables. An interaction binomial logit model assumes the same form, except that interaction terms between the variable for labor market structure and the other independent variables are also included in $\boldsymbol{X}$. An assumption for this interaction model is that including such interaction terms should improve the fit of the main-effects binomial logit model.

In order to investigate whether or not there is any dependence of employment transition on employment duration, dummy variables for employment duration will be included in $\boldsymbol{X}$ in both the main-effects and the interaction models. If these dummy variables are included, α is a baseline logit at the reference time interval. Dummy variables for cohort will also be included in $\boldsymbol{X}$ in both models in order to control for cohort size effects.

In order to investigate factors that have influenced the desirability of transition outcomes, a main-effects ordered logit model and an interaction ordered logit model will be used. In the preceding section, I argued that the desirability of transition outcomes among new employment statuses is in the following order from the least to the most desirable destination statuses: nonemployment (j = 1), new employment in external labor markets (j = 2), self-employment (j = 3), new employment in internal labor markets (j = 4), and entrepreneurship (j = 5). With π_j = the probability that an employee moves to state j, the ordered or cumulative probabilities that he or she moves to state j or below is

$$P\,(Y \leq \mathrm{j}) = \pi_1 + \ldots + \pi_j, \quad j = 1, 2, 3, 4, 5.$$

Then, the ordered logits of the four ordered probabilities are

$$\mathrm{logit}[P\,(Y \leq j)] = \log[(\pi_1 + \ldots + \pi_j) \,/\, (\pi_{j+1}+1 + \ldots + \pi_5)], \quad j = 1, 2, 3, 4.$$

On the basis of these formulations, I form a main-effects ordered logit model

$$\mathrm{logit}[P\,(Y \leq j)] = \alpha_j - \boldsymbol{\beta}^T\mathbf{X}, \quad j = 1, 2, 3, 4$$

TABLE 4. DEFINITIONS OF INDEPENDENT VARIABLES

Independent variable	Definition
Individual level	
Education	
(Reference)	One has graduated from elementary school or has no formal education.
Middle school	1 if one has graduated from middle school, 0 otherwise.
High school	1 if one has graduated from high school, 0 otherwise.
College	1 if one has graduated from junior college or higher, 0 otherwise.
Gender and gender-related factors	
(Reference)	Female and either (1) married and before the first childbirth or (2) the last child is less than 7 years old, 0 otherwise.
Female without young children	1 if female and either (1) unmarried and childless or (2) the last child is more than 6 years old.
Male	1 if male, 0 otherwise.
Structure level	
FILM	1 if one is in a firm internal labor market, 0 otherwise. 1 if (1) one's organization has externally hired nonmanagers who have a possibility of promotion, or (2) one's organization has internally hired people with a similar rank to one's final rank.
OILM	1 if one is in an occupational internal labor market, 0 otherwise. 1 if (1) one's organization has externally hired lower- and mid-level managers who have a possibility of promotion, or (2) one's organization has externally hired top-level managers.
ILM	1 if *FILM* = 1 or *OILM* = 1, 0 otherwise.
Large organization	1 if one's organization hires 500 employees or more or one works in a public organization, 0 otherwise.
Unionized organization	1 if there has been a labor union in one's organization while one is employed, 0 otherwise.
Time	
(Reference)	One worked in 1987-1996.
Before 1961	1 if one worked before 1961, 0 otherwise.
1961-1986	1 if one worked in 1961-1986, 0 otherwise.
Duration	
Work years	Number of years of working at the current workplace continuously.
Interaction terms	First-order interactions between *ILM* and each of *Middle School* through *Work years*.
Cohort	
(Reference)	Born in 1961 or later.
Cohort 1930s	1 if born in 1940 or earlier, 0 otherwise.
Cohort 1940s	1 if born in 1941-1950, 0 otherwise.
Cohort 1950s	1 if born in 1951-1960, 0 otherwise.

where α_j is a cut point parameter for j, which is nondecreasing in j, $\boldsymbol{\beta}^T$ is a vector of coefficients to be estimated, and $\boldsymbol{X}$ is a vector of covariates, which consist of individual-, structure-, and time-level independent variables.[6]

An interaction ordered logit model assumes the same form, except that interaction terms between the variable for labor market structure and the other independent variables are also included in $\boldsymbol{X}$. An assumption for this interaction model is that including such interaction terms should improve the fit of the main-effects ordered logit model. A variable for employment duration will be included in $\boldsymbol{X}$ in both the main-effects and the interaction models in order to investigate the existence of any dependence of employment transition on employment duration. Dummy variables for cohort will also be included in $\boldsymbol{X}$ in both models in order to control for cohort size effects.

Table 4 shows how the independent variables for both the binomial logit models and the ordered logit models are defined. Table 5 shows the definitions of the five destination statuses of employment transitions, which were mentioned in the preceding section, for the ordered logit models.

Table 6 presents the descriptive statistics for the most important characteristics of the sample. Some descriptive statistics in Table 6 are worth mentioning. First, the majority of respondents are relatively young. The mean age is 37. 07, the modal age category is 31-40, and the modal cohort category is the cohort born in the 1960s or later. Second, 66.76 percent of respondents

TABLE 5. DEFINITIONS OF DESTINATION STATUSES OF EMPLOYMENT TRANSITIONS

Destination status	Definition
Entrepreneurship	The status of not being paid by anyone else for one's work and of hiring five or more employees.
Employment in ILMs	Employment in firm or occupational internal labor markets (*ILM* = 1 as defined in Table 4).
Self-employment	The status of not being paid by anyone else for one's work and of hiring less than five employees.
Employment in ELMs	Employment in external labor markets (ILM = 0 as defined in Table 4).
Nonemployment	The status in which one is not in any one of the above statuses, i.e., the status in which the gap between any two statuses above is more than one year.

[6] It needs to be noted that $\boldsymbol{\beta}^T$ does not have a j subscript, so it captures an identical effect of $\boldsymbol{X}$ on the log odds of moving to j state or below (Agresti, 1996: 212). It also needs to be noted that if an estimated coefficient from $\boldsymbol{\beta}^T$ is positive, Y is more likely to fall at the high end of the scale as a covariate associated with that coefficient increases (Agresti, 1996: 214).

TABLE 6. DESCRIPTIVE STATISTICS

Characteristic	Percent
Individual level	
Age in 1996	
25-30	27.05
31-40	43.82
41-50	19.00
51-60	10.13
Age in 1996 (continuous)	(Mean: 37. 07 / S.D.: 8.84)
Completed education	
Elementary school or no education	1.69
Middle school	14.38
High school	52.38
Junior college or higher	31.56
Gender	
Male	56.60
Female	43.40
Childcare and housework responsibility (person-year, female)	
Few (*Female without young children*)	76.98
Greater (reference for *Female without young children* and *Male*)	23.02
***N*th year at a workplace** (person-year)	15.87
2	14.34
3	11.93
4	9.61
5	7.87
6	6.41
7-42	33.98
Work years (length of a work spell)	(Mean: 6.30 / S.D.: 5.68)
Cohort	
Born in the 1930s	4.45
Born in the 1940s	12.57
Born in the 1950s	31.76
Born in the 1960s or later	51.23
Structure level (work spell)	
Labor market structure	
Firm internal labor market	30.81
Occupational internal labor market	5.44
External labor market	63.75
Number of employees	
500 or more or public organizations	18.92
Less than 500	81.08
Existence of labor union	
Yes	25.91
No	74.09
Time (person-year)	
Before 1961	0.59
1961-1986	44.31
1987-1996	55.11

Note: All statistics are weighted by the weighting variable.

have middle or high school education, and 31.56 percent have more than a high school education. These figures are fairly high, considering the fact that Korea has been a developing country. The high proportion of Koreans with secondary and postsecondary education is a result of the fairly consistent and extensive investments in formal education by the Korean government, as a strategy of meeting the large and increasing demand for skilled labor caused by Korea's rapid economic development.

Table 7 shows the proportion of employment transition types by gender from the data, including not only the spells for employees but also the spells for nonemployees, i.e., entrepreneurs and the self-employed.[7] Several characteristics in Table 7 can be pointed out.

First, there are some noticeable characteristics that are related to the desirability of transition outcomes for workers in internal labor markets and workers in external labor markets. (1) For both men and women, both workers in internal labor markets and workers in external labor markets are more likely to move to the same employment status than to other employment statuses once they leave their current workplaces. This means that workers in internal labor markets show better transition outcomes than workers in external labor markets. (2) Male workers in internal labor markets are less likely to move to self-employment and nonemployment than male workers in external labor markets. This means that male workers in internal labor markets show better transition outcomes than male workers in external labor markets.

Second, entrepreneurship is the most difficult status to enter after a nonentrepreneur leaves his or her current status. Employment in an internal labor market is also fairly difficult to enter after a working person who is not employed in an internal labor market leaves his or her current status. These findings are consistent with the arguments presented in the preceding section. Entrepreneurship is regarded as the most desirable new destination status because it provides chances for the greatest economic success and the highest autonomy in work. Employment in internal labor markets is more desirable than self-employment and employment in external labor markets because it provides higher earnings and better working conditions. Therefore, the desirability of entrepreneurship and employment in internal labor markets makes entrance into these two new statuses rather difficult.

Third, for both men and women, individuals in nonemployment are more likely to move to employment in external labor markets than to any other

[7] Table 7 is stratified by gender because it has been shown that the Korean labor market is segregated by gender in terms of important aspects of labor market such as employment, wages, working conditions, and promotion.

TABLE 7. PROPORTION OF EMPLOYMENT TRANSITION TYPES BY GENDER (%)

Start of spell \ End of spell	Entrepreneur-ship	Employment in ILMs	Self-employment	Employment in ELMs	Nonemploy-ment	Total
Men						
Entrepreneur-ship	69.27 (12.72)	4.10	15.03	9.35	2.24	100.00 (*n* = 127)
Employment in ILMs	2.30	75.76 (21.56)	9.95	8.02	3.98	100.00 (*n* = 738)
Self-employment	1.28	6.25	79.45	9.29 (18.29)	3.74	100.00 (*n* = 889)
Employment in ELMs	2.29	5.70	15.57	68.83 (30.23)	7.60	100.00 (*n* = 1,223)
Nonemploy-ment	2.17	23.30	20.07	46.85 (0.00)	7.61 (*n* = 556)	100.00
Women						
Entrepreneur-ship(17.26)	33.80	0.00	7.47	12.42	46.30 (*n* = 18)	100.00
Employment in ILMs	0.00	53.47 (24.32)	4.95	7.65	33.93	100.00 (*n* = 455)
Self-employment	0.09	2.57	63.52 (21.61)	12.34	21.48	100.00 (*n* = 541)
Employment in ELMs	0.34	2.54	4.29	62.13 (36.23)	30.70	100.00 (*n* = 1,245)
Nonemploy-ment	0.59	12.82	11.80	36.11 (0.00)	38.67 (*n* = 1,274)	100.00

Note: Unit is a spell. Values enclosed in parentheses in diagonal cells are from uncensored spells only, and values not enclosed in parentheses in diagonal cells are from all spells, including censored spells as well. Spells for entrepreneurship, self-employment, and nonemployment are not used in the binomial and ordered logit models. All statistics are weighted by the weighting variable.

Source: Same as in Table 2.

status, except nonemployment. This is evidence that employment in external labor markets is less preferred than any other status except nonemployment, for individuals in nonemployment can be regarded as being in the least favorable position when searching for new workplaces. In contrast, for both men and women, people in nonemployment are less likely to move to entrepreneurship than to any other employment status. This is evidence that entrepreneurship is more desirable than any other employment status.

Fourth, for all types of working people, especially for entrepreneurs and

workers in internal labor markets, women are more likely to move to non-employment than are men. This is strong evidence that employment stability and the desirability of transition outcomes are significantly lower for women than for men.

Although Table 7 shows employment transition patterns in the Korean labor market to a certain degree, it is stratified only by gender and therefore does not reveal other important characteristics of employment transition patterns. In order to grasp important characteristics of employment transition patterns in Korea that are influenced by factors other than gender, multivariate analyses are needed, as demonstrated in the subsequent section.

RESULTS

Employment Stability

Results of the analysis of factors affecting employment stability in Korea are shown in Table 8. These include results from both the main-effects binomial logit model and the interaction binomial logit model.

The significant estimated coefficient for *FILM* shows that workers in firm internal labor markets are exp(-0.385) = 0.680 times as likely to leave their workplaces as workers in external labor markets. The significant estimated coefficient for *OILM* shows that workers in occupational internal labor markets are exp(-0.456) = 0.634 times as likely to leave their workplaces as workers in external labor markets. These results support Hypothesis 1 and Hypothesis 2 presented in the second section. Employers in internal labor markets try to reduce employment transitions in order to make job ladders operate more efficiently, so they provide workers in higher positions on job ladders with higher wages and better working conditions. Additionally, employees in internal labor markets try to stay at their current workplaces as long as possible, in order to take advantage of promotion opportunities job ladders provide. Employment stability, therefore, is higher in internal labor markets than in external labor markets.

These results are consistent with results of the studies discussed in the second section, which show the effects of labor market structure on employment stability in the United States (Petersen and Spilerman, 1990) and in Korea (Yoo, 1996). The finding that internal labor market structure increases employment stability in a developing country such as Korea as well as in an advanced industrial country like the United States implies the possibility that the influence of labor market structure on employment stability emerges once a country's industrialization reaches a moderate level. This

TABLE 8. RESULTS: BINOMIAL LOGIT MODELS FOR EMPLOYMENT STABILITY

Independent variable	Main-effects model		Interaction model	
	Coefficient	Robust S.E.	Coefficient	Robust S.E.
Individual level				
Education (reference: elementary school or no education)				
Middle school	-0.140	0.168	-0.151	0.191
High school	-0.073	0.160	-0.010	0.184
College	-0.433*	0.171	-0.414*	0.202
Gender and gender-related factors (reference: female with young children)				
Female without young children	-1.292***	0.102	-1.296***	0.126
Male	-1.488***	0.098	-1.511***	0.123
Structure level				
FILM	-0.385***	0.065	-0.068	0.410
OILM	-0.456***	0.128	-0.162	0.430
Large organization	-0.139†	0.076	0.001	0.100
Unionized organization	-0.270***	0.067	-0.379***	0.086
Time (reference: 1987-1996)				
Before 1961	0.563†	0.312	0.839*	0.341
1961-1986	0.169**	0.063	0.172*	0.072
Duration				
Work years	-0.003	0.006	-0.002	0.007
Interaction terms				
Middle school × *ILM*			-0.105	0.379
High school × *ILM*			-0.412	0.361
College × *ILM*			-0.288	0.377
Female without young children × *ILM*			-0.013	0.215
Male × *ILM*			0.052	0.204
Large organization × *ILM*			-0.336*	0.156
Unionized organization × *ILM*			0.271†	0.139
Before 1961 × *ILM*			-0.642	0.571
1961-1986 × *ILM*			-0.019	0.121
Work years × *ILM*			-0.001	0.012
Cohort (reference: born in 1961 or later)				
Cohort 1930s	-0.796***	0.137	-0.799***	0.138
Cohort 1940s	-0.840***	0.097	-0.820***	0.098
Cohort 1950s	-0.580***	0.074	-0.575***	0.074
Constant	-0.145	0.188	-0.179	0.220
Log-likelihood	-6,251.358		-6,244.261	
Degrees of freedom	20,301		20,291	
Number of observations	20,317		20,317	

†$p < .1$, *$p < .05$, **$p < .01$, ***$p < .001$ (two-tailed tests)

possibility coincides with the assumption underlying the definition of an internal labor market used in this study. In other words, an important precondition for the characteristics of an internal labor market, i.e., a job ladder with entry port only at the bottom or with movement up this ladder, is that a country should already have achieved at least a moderate degree of industrial development.

Table 8 shows that the estimated effect of an interaction between organizational size and labor market structure is negative and significant. This result means that in Korea over time, the internal labor market structure has increased the degree to which employment stability is higher in large organizations than in small organizations. In the first place, there are three reasons why employment stability is higher in large organizations than in small organizations: (1) The cost for recruiting and training workers is higher in large organizations because they use more complicated technologies. (2) Large organizations are able to provide workers with higher wages and better working conditions because they have greater resources based on greater market power. (3) Working conditions are better in large organizations because more complicated technologies used in large organizations lead to the adoption of personnel management based on administrative rules and procedures rather than on arbitrary decisions of supervisors. Most positions on job ladders require different levels and kinds of skills and knowledge of workers, and job ladders' greater efficiency helps make more profits. Job ladders in internal labor markets, therefore, make more complicated technologies used in large organizations even more complicated and the greater market power of large organizations even greater.

It is also shown in Table 8 that the estimated effect of an interaction between unionism and labor market structure is positive and marginally significant. This means that in Korea over time, the internal labor market structure has decreased the degree to which employment stability is higher in unionized organizations than in nonunionized organizations. This finding may be explained by a special characteristic of Korean industrialization, that is, the stronger efforts of labor unions in external labor markets to overcome strict labor controls by the Korean state. Korean workers generally faced strict labor controls by the state during industrialization. In order to protect and promote economic and political interests, workers in external labor markets, who have hardly had any means to do so, have had to rely on labor unions more than workers in internal labor markets, who have had more means to do so by virtue of their more favorable positions in the labor market. Labor unions in external labor markets, therefore, have been more active in increasing their bargaining power and improving communication

between workers and management by increasing the solidarity of their members. In general, unionism increases employment stability because of (1) the union wage effect based on labor unions' bargaining power, and (2) easier changes in less desirable working conditions based on ease of communication between workers and management. As a result, the degree to which unionism increases employment stability has been higher in external labor markets than in internal labor markets in Korea over time.

The estimated effects of the interactions in Table 8 show that labor market structure has barely affected differences in employment stability by individual- or time-level characteristics in Korea over time. One of the most important factors contributing to these results may be due to the exceptionally short period of Korea's industrialization, such that the internal labor market structure in Korea has not been mature, i.e., complex and long enough to influence the way in which individual- and time-level factors affect employment stability, although it has been mature enough to affect employment stability by itself.

Desirability of Transition Outcomes

Results of the analysis of factors affecting the desirability of transition outcomes in Korea are shown in Table 9. These include results from both the main-effects ordered logit model and the interaction ordered logit model.

The significant estimated coefficient for *FILM* shows that for any fixed transition outcome except entrepreneurship, the estimated odds that a worker in a firm internal labor market has a more desirable transition outcome rather than a less desirable transition outcome equal exp(0.821) = 2.273 times the estimated odds for workers in an external labor market. This result supports Hypothesis 3 presented in the second section. The underlying mechanism for this result is that promotions on job ladders in the Korean firm internal labor market enable promoted workers to accumulate more material, intangible, or social assets that lead them to more desirable destinations than the structure of external labor markets allows.

As there is no previous research on the effect of labor market structure on the desirability of transition outcomes, I cannot confirm empirically whether or not labor market structure also increases the desirability of transition outcomes in other developing countries and in industrially advanced countries. I expect, however, that an internal labor market structure increases the desirability of transition outcomes in countries that have already achieved at least a moderate degree of industrial development. This is because as mentioned earlier, the emergence of an internal labor market is

TABLE 9. RESULTS: ORDERED LOGIT MODELS FOR DESIRABILITY OF TRANSITION OUTCOMES

Independent variable	Main-effects model		Interaction model	
	Coefficient	Robust S.E.	Coefficient	Robust S.E.
Individual level				
Education (reference: elementary school or no education)				
Middle school	0.420	0.311	0.449	0.353
High school	0.522†	0.307	0.579†	0.353
College	1.036**	0.319	1.030**	0.367
Gender and gender-related factors (reference: female with young children)				
Female without young children	1.537***	0.187	1.515***	0.206
Male	3.242***	0.188	2.903***	0.203
Structure level				
FILM	0.821***	0.121	1.023	0.867
OILM	0.185	0.264	0.351	0.916
Large organization	0.051	0.138	0.103	0.165
Unionized organization	0.049	0.127	0.051	0.148
Time (reference: 1987-1996)				
Before 1961	0.079	0.665	0.292	0.777
1961-1986	0.033	0.116	0.080	0.122
Duration				
Work years	-0.030*	0.012	0.007	0.014
Interaction terms				
Middle school × *ILM*			-0.315	0.827
High school × *ILM*			-0.252	0.799
College × *ILM*			-0.155	0.812
Female without young children × *ILM*			-0.200	0.418
Male × *ILM*			1.151**	0.368
Large organization × *ILM*			-0.217	0.293
Unionized organization × *ILM*			-0.198	0.280
Before 1961 × *ILM*			-0.561	1.295
1961-1986 × *ILM*			-0.057	0.230
Work years × *ILM*			-0.093***	0.021
Cohort (reference: born in 1961 or later)				
Cohort 1930s	-0.292	0.269	-0.284	0.274
Cohort 1940s	-0.019	0.181	-0.032	0.182
Cohort 1950s	0.127	0.129	0.139	0.126
Cut points				
Cut point 1	2.377	0.350	2.406	0.397
Cut point 2	4.002	0.361	4.061	0.404
Cut point 3	5.079	0.369	5.196	0.411
Cut point 4	7.288	0.391	7.487	0.433
Log-likelihood	-2,644.117		-2,612.268	
Degrees of freedom	2,263		2,253	
Number of observations	2,282		2,282	

$^{\dagger}p < .1$, *$p < .05$, **$p < .01$, ***$p < .001$ (two-tailed tests)

closely related to a country's achievement of a moderate degree of industrial development.

It is shown in Table 9 that the estimated effect of an interaction between gender and labor market structure is positive and significant. The mechanism for this result is as follows. Employers believe that male workers contribute more to the efficient operation of job ladders than female workers who have greater childcare and housework responsibilities. As a result, job ladders in internal labor markets provide more promotion opportunities for males than for females. Therefore, they provide more material, intangible, or social assets that are helpful to having better transition outcomes for men than for women. Consequently, the tendency that institutional and customary practices based on patriarchal values allow male workers to have better transition outcomes is stronger in internal labor markets than in external labor markets in Korea.

The fact that the labor market structure has barely changed the effects of other factors on the desirability of transition outcomes implies the following. The degree of job ladder maturity, i.e., the complexity and length of job ladders in the Korean internal labor market, has not been so high as to intensify the advantages for workers who have already had greater resources and been in various more favorable positions in the Korean labor market, in terms of the desirability of transition outcomes. A special characteristic of Korea's industrialization, among others, may be responsible for the relatively low degree of job ladder maturity in the Korean internal labor market. This characteristic is that the period of industrialization may have been too short for job ladders in the Korean internal labor market to become complex and long enough.

CONCLUSION

Overall, results of the analysis show that the internal labor market structure has significantly increased employment stability and the desirability of transition outcomes in Korea over time. However, an internal labor market structure was shown to have had no significant influences on the ways in which factors other than organizational size and unionism affect employment stability, and on the ways in which factors other than gender affect the desirability of transition outcomes. I suggest that this is due to the rapid industrialization of Korea, so that there has not been enough time for an internal labor market structure to mature fully.

What do these results mean for Korean workers' economic and social well-being over time? One needs to keep in mind that the overall level of

Korean workers' economic well-being has increased due to Korea's rapid industrialization. However, it also needs to be pointed out that several factors have increased differences in economic and social well-being among different types of workers in Korea. The internal labor market structure, more human capital, being male, having less responsibility for childcare and housework, larger organizational size, and unionism have more or less widened gaps in the level of economic and social well-being among Korean workers. Workers in external labor markets, workers with less human capital, female workers, workers with greater childcare and housework responsibilities, workers in small organizations, and workers in nonunionized organizations have also enjoyed the increase in economic and social well-being since the beginning of Korea's industrialization. However, socio-economic well-being has been significantly lower for them than for their respective counterparts, i.e., workers in internal labor markets, workers with more human capital, male workers, workers with less childcare and housework responsibilities, workers in large organizations, and workers in unionized organizations.

In sum, Korea's industrialization has had mixed effects on workers' economic and social well-being. On the one hand, it has improved the overall level of workers' well-being; on the other hand, it has increased heterogeneity in well-being among different types of workers. From the Korean experience, other industrializing countries can observe the mixed effects of industrialization on workers' economic and social well-being. Whether a developing country chooses to give priority to the overall increase in workers' well-being, or to improvement in the equity of well-being among different types of workers depends on how collective decision-making processes about this issue are restricted by the country's particular social, political, and historical context and international relations.

This study dealt with Korea's industrialization through 1996. Korea encountered a major foreign exchange crisis in November 1997, which was a great blow to economic growth and workers' welfare. For example, the real GDP growth rate plunged from 5.0 percent in 1997 to -6.7 percent in 1998, and the unemployment rate soared from 2.6 percent in 1997 to 6.8 percent in 1998.[8] As a way of coping with the crisis, the state and capital opted for the strategy of labor market flexibilization by easing both the firing of employees and hiring various forms of part-time employees (Bai, 1999: 584-585). As a result, the ratio of part-time employees to full-time employees increased

[8] The real GDP growth rates and the unemployment rates in this section are presented by the National Statistical Office.

from 0.85 in 1997 to 1.10 in 2000.[9] This means that the overall level of Korean workers' economic and social welfare has considerably decreased in recent years. In this situation, the self-employment sector functioned as a social safety net to some degree — implied by the fact that the number of employees decreased by 0.64 percent from 1997 to 2000, while the number of the self-employed who did not hire any employees increased by 3.84 percent.[10] However, this increase in the importance of the self-employment sector may decrease the equity of workers' welfare in the long run, since it may allow employers not to increase stable jobs in the employment sector.

As implied by the fact that the real GDP growth rate rebounded and reached 10.7 percent in 1999, the Korean economy can still be regarded as having the potential for continuing growth. However, the recovery of the Korean economy has been at the cost of workers' economic and social well-being. The deterioration of workers' welfare can be countered mainly by efforts on the part of workers themselves. In this regard, labor movements in Korea have shown conflicting signs in recent years. On the one hand, a considerable number of labor unions have conceded to employers' demands for lower wages, more flexible employment, and tougher working conditions in collective bargaining under the threat of mass dismissal (Bai, 1999: 590-591). On the other hand, the efforts of labor unions to overcome new challenges by the state and capital have intensified. Union density, which had continuously been falling from the peak of 18.7 percent in 1989 to the bottom of 11.2 percent in 1997, rose to 11.8 percent in 1999 and to 11.6 percent in 2000.[11] The number of union members, which had continuously been falling from the peak of 1.93 million in 1989 to the bottom of 1.40 million in 1998, rose to 1.48 million in 1999 and to 1.53 million in 2000.[12] The influence of more militant sects within labor movements has grown. The ratio of the number of union members belonging to the Korean Confederation of Trade Unions (KCTU), which has been more militant against the state and capital, to the number of union members belonging to the Federation of Korean Trade Unions rose from 0.25 in 1995 to 0.41 in 2000.[13] Moreover, there have been signs of more cooperation between the two organizations in political and economic campaigns against the state and capital in recent years.

These efforts of Korean labor movements, however, face serious chal-

[9] The ratios are calculated based on statistics presented by the National Statistical Office.

[10] The percents are calculated based on statistics presented by the National Statistical Office.

[11] All union densities, except those in 1989, are calculated based on statistics presented by the National Statistical Office.

[12] Statistics are presented by the Ministry of Labor.

[13] The ratios are presented by the Ministry of Labor.

lenges from globalization as well as from the Korean state and capital. The collective bargaining structure in Western countries has been decentralized since the early 1980s (Katz, 1993). The decentralized bargaining structure in Western countries has been significantly influencing labor movements and labor markets in Third Word countries through the globalized economy and labor markets (Park, 2002: 63). Whether or not Korean workers' economic and social well-being will worsen in the near future will significantly depend on how effectively labor movements in Korea will respond to the strategy of labor market flexibilization by the state and capital and to the challenges from globalization, along with how effectively the state and capital will pursue this strategy and how the Korean economy will be affected by trends in the international political economy.

In this study, I attempted to fill the gaps of research on employment stability and the desirability of transition outcomes in Korea. Main limitations of this study are due to an insufficient theoretical framework, caused mainly by limitations of the data. These limitations need to be overcome in future research. Especially, future research needs to define the desirability of transition outcomes more systematically, using more elaborate data and evidence.

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APPENDIX A: RELEVANT QUESTIONS FROM EAST ASIA SOCIAL SURVEY

c111: In the current job, what is your average annual income (including bonus, allowances, and taxes)? _____ 0,000 won *(Interviewer: If the respondent hesitates to answer, refer to* [card 3] (*c11av1*).)

[card 3]
0. Refused to answer
1. Below 3,000,000 won
2. 3,000,000 - less than 9,000,000 won
3. 9,000,000 - less than 15,000,000 won
4. 15,000,000 - less than 21,000,000 won
5. 21,000,000 - less than 30,000,000 won
6. 30,000,000 - less than 40,000,000 won
7. 40,000,000 - less than 50,000,000 won
8. More than 50,000,000 won

If our society were divided into ten classes, in which class do you think your income and social status would belong? (1 means the lowest class; 10 means the highest class.)

e151: Income _____ class
e152: Social position _____ class

APPENDIX B: WEIGHTING VARIABLE FOR THE ORIGINAL DATA

(adapted from the document of the Korean part of East Asia Social Survey)

To facilitate comparison to the general population using the total sample of 3,570 persons, a weighting variable is provided. Applied to the total of both samples, this weighting variable approximates the distribution found in Census statistics. Specifically, we cross-tabulated the Census population by the following characteristics. In the data, the gender, age, occupation, and work form values are coded in the variable labeled ‘gajf’ (gender, age, job, form) as follows.

	1	2	3	4	0
Gender	Male	Female			
Age	20-29	30-39	40-60		
Occupation	Clerical	Sales & service	All others		No work
Form of work	Owner / manager	Self-employed	Employee	Family worker	No work

Each cell produced by cross-tabulating gender, age, occupation, and form of work was used in the following calculation of ratio weights:

Ratio Weight = (Proportion in Census) / (Proportion in Survey)

This ratio weight variable ranges in value from a low of 0.117 to a high of 5.0, with a mean of 0.9897.