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**For Inquiry:** KLI Academic Publishing Team

**Address:** 370, Sicheong-daero, Sejong-si, 30147, Korea  
www.kli.re.kr/kli\_eng

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**Author(s):** Center for Labor Trends Analysis

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## 2021 H1 Labor Market Review and H2 Outlook\*

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Center for Labor Trends Analysis\*\*

### Introduction

Employment began to gradually recover from the shock of the COVID-19 pandemic in the first half of 2021 (H1 2021). The total number of employed workers began an upward trend in February, bouncing back on rebounding exports, recovery in the construction sector, and improving overall business conditions in the traditional face-to-face service sectors.

According to survey data from the June 2021 Economically Active Population Survey, employment levels are at 99.4% of February 2020 (pre-crisis) levels, adjusted for seasonal employment. Total employment of those 15 and older is at 98.5% of pre-crisis levels.

Assuming widespread public inoculation against the COVID-19 proceeds as planned and stems the tide of infections, and barring any extraordinary global or domestic

circumstances negatively affecting the labor market, the total number of employed should increase by 444,000 in the second half of 2021 (H2 2021), an increase of 281,000 year over year (YoY). However, we must closely monitor the employment situation, and specifically how the ongoing fourth wave of COVID-19 infections impacts employment.

### I. Labor Market Overview: H1 2021

Employment began to gradually recover in H1 2021 from the impact of the COVID-19 outbreak in 2020. Figures indicate that the total number of employed increased by just 120,000, but this is due to the base effect from 2020; real employment growth began in the second quarter (Q2). Total number of employed in the first

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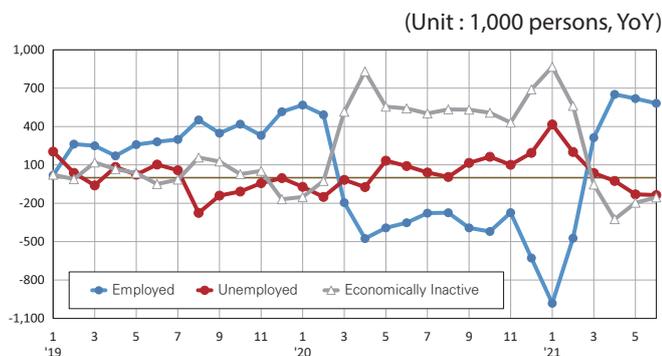
\*\* Korea Labor Institute (ykim@kli.re.kr)

quarter (Q1) of 2021 fell by 380,000 YoY before bouncing back with growth of 618,000 workers in Q2. This jump in quarterly employment covers the number of jobs lost in Q2 plus an additional 200,000 more jobs, signifying a recovery in employment as well as a decrease in both the number of unemployed and the economically inactive population.

Even after accounting for seasonal monthly adjustments in short-term observations, a continued recovery in employment can be observed after the major rebound in February 2021. In addition, the number of cases of workers taking temporary leaves of absence — which grew at an unprecedented rate during the pandemic — also declined. Thus, recovery in employment (at least in quantitative terms) can be confirmed in a variety of indicators, evidenced by the simultaneous growth in the employment rate and the decline in the unemployment rate.

From an industrial standpoint, employment growth in non-face-to-face services, which were free from the deleterious effects of the COVID-19 pandemic, is particularly eye-opening. Employment growth in the social services sector associated with public jobs programs is also on the upswing. And employment is up in manufacturing and construction sectors riding the recovery wave. Given the decline in traditional face-to-face service employment in H1 2020, an industry-wide recovery trend was expected

Figure 1. Fluctuations in Employment, Unemployment and the Economically Inactive Population



Source : Statistics Korea, 「Economically Active Population Survey」, raw data, each year.

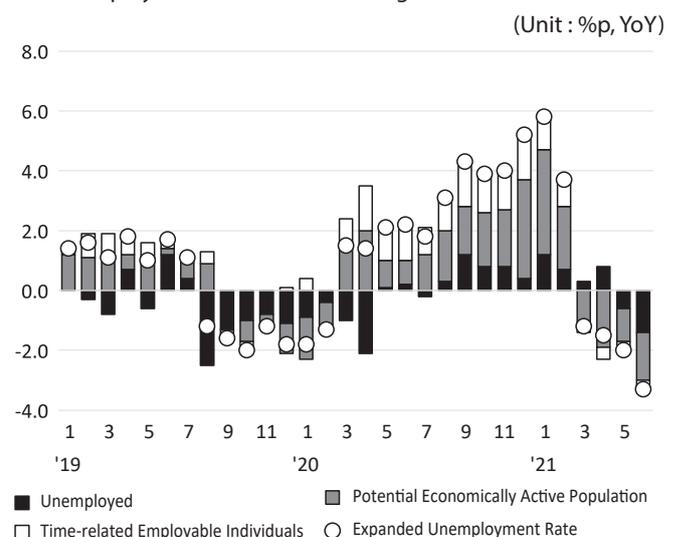
in 2021, but that recovery ultimately only came to pass in the food and lodging sector. Yet, in looking at the service industry as a whole, the situation is an improvement over H1 2020, with notable increases in the Business Survey Index (BSI) and the Service Industry Activity Index (SAI).

## II. Labor Market Sectoral Review: H1 2021

### 1. Falling Numbers of Unemployed and Economically Inactive Individuals

A trend in growing unemployment reversed in H1 2021 after continued YoY increases from Q2 2020 to Q1 2021. By March 2021, the economic situation had stabilized and unemployment fell. The major turnaround in the expanded unemployment rate in Q2 2021 is clear, but what is particularly notable is the decline in youth (aged 15-29) unemployment (see Figure 2). Youth unemployment reached an all-time peak in January of 2021 at 27.2%, the

Figure 2. Changes in the Components of the Expanded Unemployment Rate for Workers Aged 15-29



Note : The total potential economically active population is the sum of potentially employable individuals and active jobseekers.  
Source : Statistics Korea, 「Economically Active Population Survey」, raw data, each year.

highest level on record. But fortunes began turning for the better in February. The number of latent jobseekers (those looking for work but not actively) declined YoY in March, and by May overall unemployment had begun to fall as well. The expanded youth unemployment rate has continued to drop since March, owing to this effect.

The protracted COVID-19 pandemic saw the economically inactive population increase throughout 2020 and into Q1 2021, but improved employment conditions in Q2 2021 brought about a steep drop in the number of economically inactive persons, with 225,000 individuals returning to the workforce YoY. Broken down by specific reason, we can see that the changes in Q2 owed largely to 1) individuals returning to the workforce after exiting the labor market to care for children or for personal reasons and 2) a declining number of people taking classes or otherwise attending educational institutions.

The number of economically inactive persons that were not actively seeking employment (also referred to as discouraged workers) began to increase after recording a drop in Q1 2020. This momentum had reversed by Q2, however, and the number of discouraged workers continued to grow up to Q1 2021, by which time over 184,000 persons had given up looking for work on a YoY basis. But by Q2 2021, just 35,000 workers had ceased looking for work YoY, a significant decrease from the quarter previous. These changes were concentrated among the working age population (15-64 years). The Economically Inactive Population Survey asks discouraged workers why they had stopped seeking work. The number of persons who answered that they had stopped job hunting due to a perceived lack of work opportunities had steeply dropped, helping explain the changes in the 2021 labor market described above (specifically the large decrease in the number of discouraged workers in Q2 2021) and illustrates their relationship to the demand side of the labor market.

The number of workers recorded as taking a temporary leave of absence fell dramatically due to the base effect

from last year. In March 2021 that figure plunged by 1.18 million YoY, owing to the base effect from the previous March when significant numbers of workers temporarily left the workforce amid the first wave of COVID-19 infections. The number of workers on temporary leave has continued to drop, and as of June 2021 the trend seems to have rapidly normalized, with a total of 403,000 workers on temporary leave, compared to a pre-pandemic figure of 369,000 for 2019.

## 2. Employment Recovering for Older and Younger Age Cohorts

In examining the employment recovery by age group, growth in the youth employment rate is especially notable compared to other age groups. As demographic changes can have a noticeable impact on the total number of individuals employed in various sub-groups within the larger category of youth employment, it is better to assess the youth labor market using employment rates. Employment for workers in their 20s plunged in February 2020 and afterward, thus the large spike in YoY employment in February 2021 is due to the base effect. Employment for both cohorts of workers in their 20s — consisting of workers in their early-to-mid 20s and workers in their mid-to-late 20s — fell by around 4%p, but the data suggest that the recovery has heavily favored the younger cohort, for whom employment has bounced back much more rapidly. This can be largely explained by the fact that the proportion of workers in the younger cohort working temporary gigs or jobs in the food and lodging is comparatively higher, and as those sectors have experienced a recovery in employment in H1 2021, the recovery has had a more immediate impact on the labor market for those workers.

When looking at changes in the total number of employed, the recovery curve for workers in their early 20s is steeper yet. Despite the fact that there were roughly 50,000 individuals that aged out of or otherwise exited

the cohort, nearly 70,000 of these younger workers were added to employment rolls in Q2 2021. Temporary jobs in the traditional face-to-face service industries were added as the downward employment pressure in those sectors lost steam. Manufacturing and the Internet, Communications and Technology (ICT) industries (among others) also contributed to increased employment of this cohort. For workers in their mid-to-late 20s, an increase in full-time employment in Q2 2021 is a notable development. This employment is concentrated in industries such as ICT and manufacturing, where a large proportion of these jobs are distributed. This is significant, as the increased employment in these industries far exceeds the base levels of 2020.

For middle-aged workers in their 30s to 50s, a decrease in total employment is inevitable barring some significant externality, owing to the shrinking population of people

in the younger cohort of this age bracket (workers in their 30s and 40s). Middle-aged workers also experienced a slight jobs bump in Q2 2021 but overall employment is down in H1 2021, so the situation as a whole can hardly be characterized as favorable.

In examining the employment of this cohort by gender and industry, major changes are observable in the fields in which middle-aged workers are heavily employed. To wit, male employment in the manufacturing sector is falling while female employment in the food and lodging and personal services industries is also dropping. For middle-aged women, falling employment in the traditional face-to-face services sectors in which they are largely employed is severe. This is in contrast with the signs of recovering youth employment in traditional services. In addition, employment is plummeting for both men and women in the wholesale and retail sectors, but employment in these industries had been in free fall for three years, well before the outbreak of the COVID-19 pandemic.

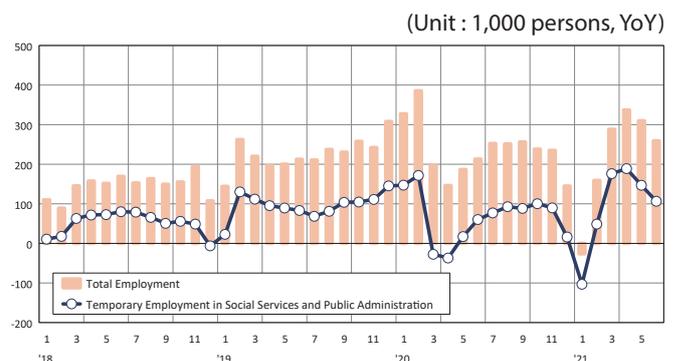
Meanwhile, workers over the age of 60 continue to actively enter the labor market, and both employment and unemployment of this cohort grew over the course of 2020 as the pandemic exerted its effects on this cohort's employment prospects. The trend remained apparent into H1 2021, with increases in the unemployment rate concentrated in Q1 and increases in the employment rate in

Table 1. Trends in Major Employment Indicators by Age  
(Unit : 1,000 persons, %p, YoY)

		H1 2021	Q1 2021	Q2 2021
Aged 15~29	Population	-135	-137	-133
	Employed	36	-103	176
	Employment Rate	1.1	-0.5	2.6
	Unemployment Rate	0.2	1.1	-0.7
Aged 30	Population	-150	-150	-151
	Employed	-160	-227	-93
	Employment Rate	-0.7	-1.6	0.3
	Unemployment Rate	0.3	0.9	-0.4
Aged 40	Population	-71	-68	-75
	Employed	-78	-154	-2
	Employment Rate	-0.3	-1.2	0.7
	Unemployment Rate	0.1	0.3	-0.1
Aged 50	Population	-13	-10	-15
	Employed	-1	-99	96
	Employment Rate	0.1	-1.1	1.2
	Unemployment Rate	-0.1	0.5	-0.7
Aged 60 or older	Population	665	661	669
	Employed	322	202	441
	Employment Rate	0.4	-0.5	1.2
	Unemployment Rate	0.5	1.3	-0.3

Source : Statistics Korea, 「Economically Active Population Survey」, raw data, each year.

Figure 3. Employment Changes for 65+ Cohort and Growth of Temporary Employment in Social Services and Public Administration



Source : Statistics Korea, 「Economically Active Population Survey」, raw data, each year.

Q2. The rising unemployment rate seen in Q1 can be explained by the increase in the number of individuals that exited the workforce to apply to the Senior Employment Program, which constitutes a significant proportion of total employment for this cohort. The Q2 growth in both the employment rate and the total number of employed thus reflects the fruits of this program, which began in earnest in Q2. The older contingent of the 60-and-over cohort, consisting of workers over the age of 65, also experienced employment growth in the public administration, health and social services and social welfare sectors beginning in January 2021 related to the Senior Employment Program.

### 3. Regular Full-time and Temporary Employment Recovering

In H1 2020 there was an unprecedented decline in temporary employment. This reflects the manner in which industries where the COVID19-induced demand shock was concentrated sought to cope with it: namely, by releasing temporary workers, who are comparatively easier to hire and fire. But temporary employment recovered quickly in comparison to other types of employment, beginning in January 2021, and by Q2 2021 temporary employment in the traditional face-to-face food and lodging, wholesale and retail and educational services sectors had transitioned into an upward trend, and the number of these jobs in the health and social services sectors had also increased owing to jobs programs. Seasonally adjusted series show that by June 2021 temporary employment had recovered to its pre-crisis levels.

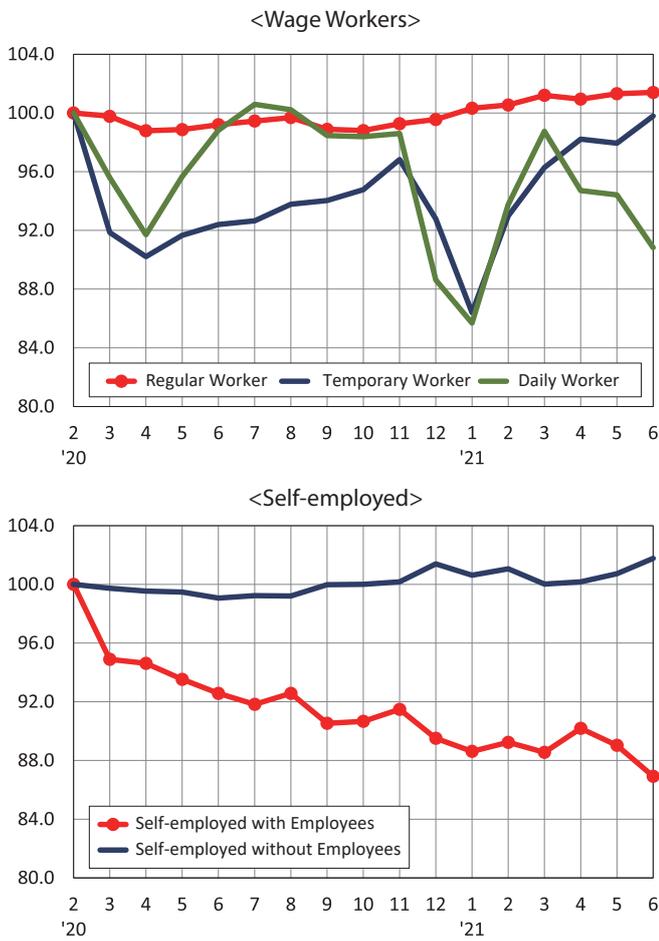
Full-time, regular employment growth ground to a halt in H2 2020 but had begun creeping upward again by Q1 2021; in Q2, 330,000 full-time jobs were added to employment rolls. Full-time employment and temporary employment recovered at about the same time, even as the slump in full-time employment exhibited a bit of a time lag. The

magnitude of employment growth began to increase in Q1 2021 and by Q2 full-time employment growth was increasing at roughly the same rate as temporary employment. Disaggregating this growth by subsector reveals some differences, however. In the wholesale/retail and food and lodging sectors, full-time employment is still falling, whereas the number of persons employed in full-time work in public administration and the social services and welfare sectors is on the rise. Employment conditions in the manufacturing and professional, scientific and technical services sectors, which account for a significant proportion of total full-time employment, seem to be improving, however. The recent increase in the number of full-time jobs in the construction industry is also notable. Finally, when viewed as seasonally-adjusted series, the impact of the COVID-19 pandemic on the employment of full-time regular workers does not seem particularly significant, as the pandemic primarily hurt the rate of employment growth for these workers, rather than leading to an absolute reduction in employment.

Just as temporary workers' fortunes took a turn for the worse in 2020, so did those of daily workers. Yet the slope of the decline in day labor employment tapered off beginning in January 2021 and by June 2021 the trend's downward momentum was beginning to falter. The construction industry accounts for an extremely high proportion of daily work and that sector added at least 50,000 daily workers in Q2 2021. Given this, it is fair to expect a recovery in day labor employment centered on construction. Finally, the employment situation for daily work in the traditional, face-to-services sectors has not shown much improvement, in contrast with temporary workers.

The number of self-employed with employees was decreasing even before the COVID-19 pandemic struck. However, their numbers did not appear to decline alongside those of wage earners when the latter's numbers were plunging. The ongoing decline in these workers' employment numbers let up somewhat in H1 2021, but with the

Figure 4. Fluctuations in Employment by Occupational Status following the COVID-19 Outbreak (Seasonally-adjusted)



Note : February, 2020=100.  
Source : Statistics Korea, KOSIS.

exception of the construction industry, the data show no obvious differences with H1 2020. The number of self-employed without employees has tended to increase following economic downturns ever since the global financial crisis of 2008. The COVID-19 pandemic has proven no exception, with no observable, significant drop in the number of self-employed workers. Their numbers grew again in H1 2021, and the waning of the decline in the number of self-employed in the transport and warehousing (which includes parcel and delivery service employment) sectors and in the traditional, face-to-face services has played a major role in this phenomenon.

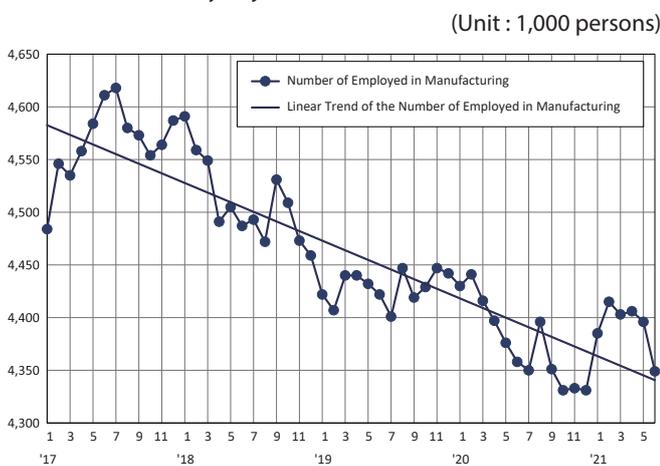
#### 4. Manufacturing Employment Turning the Corner amid Improved Business Conditions

While the employment situation has rapidly improved across the board, the speed of the recovery differs by industry. Employment in the public sector has grown significantly, with more jobs in the health and social services and public administration sectors. The transport and warehousing and construction sectors continue to add more jobs in 2021, far exceeding the levels from February 2020. But employment in traditional services, which was directly affected by the COVID-19 pandemic, remains in a slump. The number of persons employed in the food and lodging industry reached a nadir in January 2021 and has been recovering ever since. But employment in that sector remains at just 93.7% of pre-crisis levels. Employment in the educational services sector too displays a similar pattern, having recovered somewhat since kids started returning to school in March (on a partial basis), but not to pre-pandemic levels. In the wholesale and retail sector and personal services industries, meanwhile, employment continues to fall in 2021 for a consecutive year, despite the two sectors having already shed 16,000 and 44,000 jobs in 2020, respectively. And recently, employment losses in the arts, culture and sports industries have continued to mount as well.

Manufacturing employment began to show a recovery trend in January 2021; by comparison in the same month of 2020 the sector had shed 53,000 jobs. As the number of employed people continued to decline for several years, the spread of COVID-19 and internal and external factors such as a decrease in exports due to the global economic slowdown led to a slump in employment. But as the calendar turned to 2021, exports bounced back posting record-breaking growth amid the global economic revival, and the manufacturing sector now boasts a very positive employment environment owing to a quicker-than-expected recovery in the domestic economy. The rate of

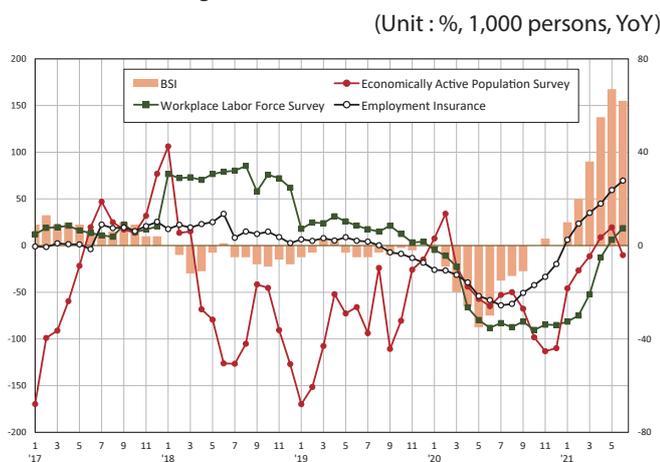
export growth in H1 2021 surpassed the base effect of 2020 by 26.1% and the total value of exports recorded an all-time high; the improvement in manufacturing employment embodies the economic recovery and the export performance described above. Manufacturing job losses slowed in Q1 2021 YoY and by Q2 the falling trend had reversed course completely. Seasonally-adjusted series also show that growth levels have exceeded the long-term trend throughout H1 2021 (see Figure 5). The rebound in

Figure 5. Number of Employment in Manufacturing Industry (Seasonally Adjusted)



Source : Statistics Korea, 「Economically Active Population Survey」, KOSIS.

Figure 6. Trends in BSI and Employment Index Fluctuations, Manufacturing Sector



Source : Statistics Korea, 「Economically Active Population Survey」, raw data, each year; Ministry of Employment and Labor, 「Workplace Labor Force Survey」, KOSIS; Korea Employment Information Service (KEIS), 「Statistics on Employment Administration」, EIS; Bank of Korea (BOK), 「Business Survey Index」, ECOS.

manufacturing employment is evident in the employment insurance data and data from the workplace labor force survey. (See Figure 6).

Employment rose in the manufacturing subsectors that recorded good export performance and/or business conditions. These include, for example, the automotive (tractor-trailer manufacturing included), industry and parts subsector, the computers, audio-video and communications equipment manufacturing sectors, and the miscellaneous general machinery, metal processing and electric equipment manufacturing subsectors.

In the automotive industry, production and shipment indices in both Q1 and Q2 2021 reflected YoY increases. BSI figures took off beginning in March based on sales performance, and vehicle exports recorded a 49.9% jump YoY in H1 2021. Employment in that sector has also recovered as business conditions improve. Employment insurance data show that this represents a reversal of a 38-month long trend in declining employment in the domestic auto industry and that since March 2021 employment momentum has continually grown. The severity of the decline in the number of employed in the business establishments has also tapered off considerably in 2021.

The electronics, computers, audio-visual and communications equipment manufacturing sectors have recorded strong growth as well. This growth has been concentrated in the semiconductor industry (a major export category, representing a greater proportion of exports than any other export product), which posted 21.9% YoY growth in H1 2021. Employment growth has coincided with this export performance, with worker rolls swelling monthly (according to employment insurance figures) and the number of employed reported on the Workplace Labor Force Survey in this segment also posting month-over-month increases as of July 2021.

We expect that favorable conditions for the auto and semiconductor industry will persist and that strong production and exports will continue. But it is also worth

noting that investment in semiconductors and facilities investment in the alternative-energy vehicles space is increasing, and thus we can anticipate continued employment growth in these areas.

Production in the miscellaneous machinery sector increased in H1 2021, with domestic shipments and exports also climbing upward. The global economic recovery has produced a favorable export environment for construction equipment and machine tools and exports of general machinery recorded a 9.1% uptick in exports. Business conditions in the metal processing industries (in which employment had declined again last year) and other downstream industries such as automotive and construction improved, and the electric parts manufacturing sector posted its third consecutive quarter of production growth as production in the household appliances industry leaped. The miscellaneous machinery and equipment, metal processing, and electric equipment manufacturing sectors have stopped shedding jobs and the employment situation is gradually improving amid a sanguine business environment.

## **5. Expectations Upbeat in the Construction Industry following Major Employment Gains in H1 2021**

Construction employment soared in H1 2021, far exceeding the base effect from 2020. This growth was particularly noticeable in March 2021 and afterward as the expansionary trend in employment intensified. The sector added 137,000 jobs in Q2 YoY, the first time quarterly employment grew by more than 100,000 since Q2 2017. And not only has the number of economically active individuals in the sector grown, employment insurance data point to consistent growth in the number of insured workers (a measure of full-time employment). The number of employed reported on the Workplace Labor Force Survey in the field is steadily increasing as well. Orders for new con-

struction increased in the first half of the year, with Q1 orders coming predominantly from the private sector and architectural firms and Q2 orders from the public sector and civil engineering projects. Leading sectoral indicators are positive, and construction investment is poised to continue its upward trajectory, with the planned expansion in government investment in social overhead capital (SOC) and the national housing stock seen to as key drivers. We expect sustained employment growth in the construction sector based on continued improvement in business conditions.

## **6. Employment on the Upswing in Non-face-to-face Services**

The service industry suffered a direct blow from the COVID-19 pandemic, having bled jobs for a year beginning in March 2020 before finally adding to employment rolls in March 2021. Job growth averaged 424,000 per month from March to June 2021, far exceeding the losses sustained by the industry during the initial outbreak from March to June 2020. However, the subsectors in which service employment has increased this year are by and large not the same as those that lost jobs in 2020.

The retail and wholesale sectors recorded employment losses from March to June 2021 to the tune of 162,000 workers. The subsector continues to see employment decline much as it did during the first phase of the COVID-19 pandemic, reflecting a long-term slump. Economic indicators, such as the business survey index (BSI) and consumer sentiment index (CSI), have been increasing in 2021, but it is interpreted that the employment situation in this sector is still sluggish because it is still difficult for overseas travelers to enter the country and consumption is focused on non-face-to-face services.

Employment in the food and lodging entered a recovery phase after adding 60,000 jobs in March 2021 but employment numbers remain off of pre-crisis (March-June

Table 2. Changes in Employment by Service Subsector  
(Unit : 1,000 persons, YoY)

	2020.3 ~ 2020.6	2020.11 ~ 2021.2	2021.3 ~ 2021.6
Service Industry Total	-344	-569	424
Retail and Whole Sale	-164	-194	-162
Food and Lodging	-172	-268	12
ICT Finance and Insurance Real Estate Professional and Scientific Service Facility Management	-43	-46	207
Public Administration Health and Social Welfare	82	119	297
Education Art, Sports, Leisure Association	-147	-226	-33

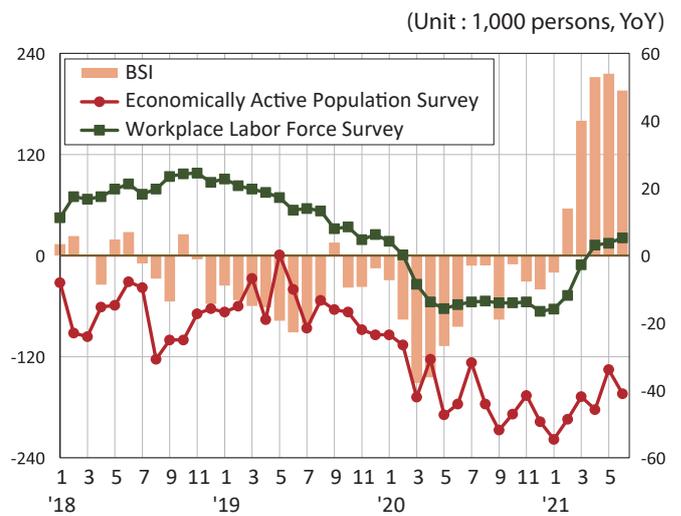
Source : Statistics Korea, 「Economically Active Population Survey」, each year.

2020) levels by 160,000 workers. Employment losses are concentrated among midsize restaurants and accommodations businesses employing at least five workers. The rise of contact-free consumerism has meant that the employment gains enjoyed in other economic sectors have failed to materialize not only in the wholesale and retail sectors but also in the food and lodging industry. Some slight employment gains have been realized by smaller establishments within the sector (those businesses with five employees or fewer), but most of these are temporary or part-time positions easily eliminated in the event that the COVID-19 situation worsens.

The transportation and warehousing industry had been continually expanding amid heightened travel demand (both domestic and foreign) and growth in the parcel and delivery industries, but the third wave (up to February 2021) of COVID-19 infections blunted employment gains. Domestic tourism has since picked passenger transport with it. The transportation and warehousing sectors both expanded considerably as consumption of non-face-to-face products and services exploded during the pandemic, posting employment gains in spite of it.

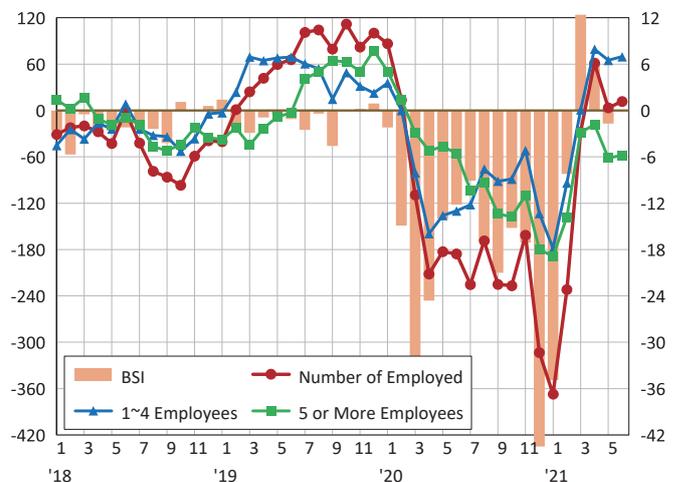
Employment dipped just slightly in non-face-to-face

Figure 7. Retail and Wholesale Sector BSI and Changes in Employment



Source : Statistics Korea, 「Economically Active Population Survey」, raw data, each year; Ministry of Employment and Labor, 「Workplace Labor Force Survey」, KOSIS; Korea Employment Information Service (KEIS), 「Statistics on Employment Administration」, EIS; Bank of Korea (BOK), 「Business Survey Index」, ECOS.

Figure 8. Food and Lodging Sector BSI and Changes in Employment

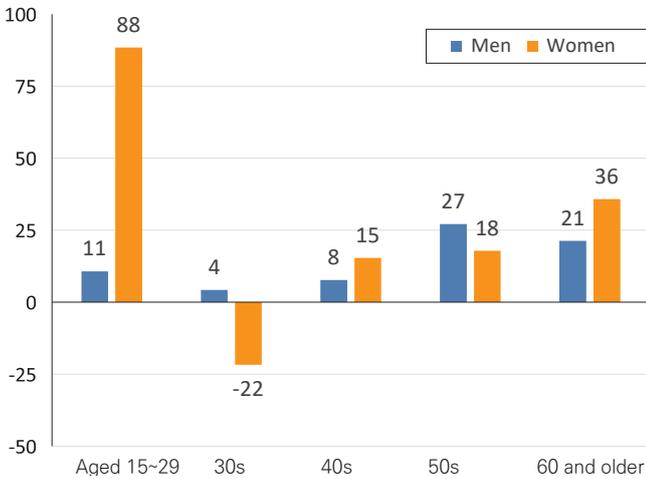


Sources : See Figure 7 sources.

service industries such as ICT, finance and insurance and professional and scientific services in 2020, especially in comparison to other sectors, and employment in these sectors has bounced back quickly in 2021 as well. Men account for a significant proportion of employment in these sectors, but recent employment growth for women in the sector is staggering. But for workers in their 30s and 40s, the story is different: employment growth of this cohort for both men and women is very slight or even shows a

Figure 9. Changes in Contact-free Service Sector Employment, by Age and Sex (March-June 2021)

(Unit : 1,000 persons, YoY)



Note : Industries are denoted in Standard Industry Classification notation (10th edition).

J : ICT K : Finance and Insurance L : Real Estate M : Professional, Scientific and Technical Services N : Business Facilities Management and Business Support Services; Rental and Leasing Activities

Source : Statistics Korea, 「Economically Active Population Survey」, March-June 2021 data.

slight decline.

The public administration and health and social services sectors account for the greatest proportion of total employment growth. This seems to be an effect of the increase in the number of jobs related to direct-employment schemes such as the Senior Employment Program and public workfare programs among financially-supported jobs programs. And while employment growth in social services has been greatest for workers in their 60s, recently younger, middle-aged cohorts have enjoyed increasing employment as well.

Employment in the traditional face-to-face educational services sector and personal services sectors related the sports and leisure industries plunged as the COVID-19 pandemic gripped the country. But the number of people working in cram-school academies and after-school programs has increased by an average of 40,000 per month since March 2021. And most workers in this industry that took temporary leaves of absence have since returned to their jobs.

Personal services businesses in the arts and sports industries, as well as beauty salons, face a difficult path to recovery, owing to social distancing restrictions that have (and continue to) limit regular business. Employment faces significant obstacles to recovery, and any rebound in employment will be dependent on COVID-19 infection rates and social distancing guidance because contact-free consumption in these sectors is unsatisfying, unlike the restaurant industry.

### III. Employment Outlook: H2 2021 and beyond

It is fair to say that H1 2021 was when employment began to gradually recover from the COVID-19 shock. Employment growth had ground to a halt at the end of 2020 due to the second wave of COVID-19 infections, but by February 2021 YoY gains were observed and the employment situation seems to have stabilized. Data from the Economically Active Population Survey recorded total employment (seasonally-adjusted) of 27,331,000 persons, which represents 99.4% of pre-crisis employment levels in February 2020. And the employment rate for all individuals over the age of 15 is at 98.5% of pre-pandemic levels.

Heading into H2 2021, overall socioeconomic conditions continue to support a sanguine labor market. From a macroeconomic perspective, private consumption is expected to recover, centering on face-to-face service consumption, as consumer sentiment recovers and sluggish income eases. Facilities investment and construction investment also remain on a recovery track. For 2021, the Bank of Korea, the OECD and the Korea Development Institute (KDI) project aggregate economic growth of 3.8 to 4.2%, reflecting the rosy outlook for the domestic economy described above.

In terms of employment, conditions in the manufacturing industry should continue to improve owing to

strong performance in the IT sector and especially in semiconductors. We also anticipate employment growth in the construction sector on the back of new orders and new groundbreakings as well as an increase in public infrastructure investment. We also expect the employment recovery to continue into 2H 2021 as public inoculation against COVID-19 continues apace and containment measures remain in place.

The 2021 employment outlook is as follows, estimated using the projection variables described in the above pages. Assuming no significant externalities, such as a worsening of the COVID-19 situation or a major contraction in the global and/or domestic economy exerting a major shock on the labor market, the total number of employed persons should increase by 281,000 in 2021. Of these, only 119,000 net jobs were added in H1, but H2 employment growth should reach 444,000 YoY, reflecting the greatly-reduced base effect in earnest. However, we must continue to monitor the employment situation. New daily COVID-19 cases have surpassed 2,000 for the first time since the pandemic began amid the ongoing fourth wave of COVID-19 infections and there remain uncertainties as to how this will impact employment. Private consumption in the food and lodging, leisure and cultural sectors and

other traditional service industries would be likely to bear the brunt of the impact depending on the strength of this wave of COVID-19 transmissions and the level of social distancing restrictions put in place to contain it. These represent the downside risk factors that should be kept in mind and must be taken into account when considering the employment projects described in this section.

The Korean government's efforts to contain the viral outbreak and maintain employment have borne fruit. These efforts, along with the resumption of economic growth both at home and across the world, lead us to believe that domestic employment will continue to recover into H2 2021.

Table 3. 2021 Employment Outlook: H2 and Full-year

(Unit : %, 1,000 persons)

	2020			2021		
	H1	H2	Annual	H1	H2*	Annual*
Employed Population	26,799	27,010	26,904	26,918	27,454	27,185
(Rate of Increase)	-0.2	-1.4	-0.8	0.4	1.6	281
(Increase/Decrease)	-59	-377	-218	119	444	1.0
Unemployment Rate	4.3	3.6	4.0	4.5	3.5	4.0
Employment Rate	59.9	60.2	60.1	59.8	60.8	60.3

Note : \* is outlook.

Source : Statistics Korea, 「Economically Active Population Survey」, raw data, each year.