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## 2021 Labor Market Review and 2022 Outlook\*

Center for Labor Trends Analysis\*\*

### Introduction

The labor market has made a strong recovery from the initial employment shock of the global COVID-19 pandemic in 2021. The total number of employed began to tick upward in March, after which monthly year over year (YoY) employment gains consistently hovered around the 600,000 mark, which is more than the decrease in the number of workers during 2020 by about 200,000. Seasonally-adjusted employment has recorded YoY growth for 8 consecutive months, having as of December 2021 reached 99.9% of pre-crisis (February 2020) levels. Assuming no sudden contraction of the global economy or domestic market, and ruling out any exceptional phenomena that might negatively impact the labor market, the total number of workers should increase by 243,000 in 2022.

It is worth noting, however, that patterns in employment

growth in the first and second halves (H1, H2) of 2022 are likely to differ, owing to the base effect from 2021, where in H1 employment posted weak gains but in H2 exhibited a more robust recovery. Thus H1 2022 should see the total number of employed grow by 367,000 workers YoY, but H2 will see just 119,000 workers added to employment rolls.

### I. Labor Market Overview: 2021

In 2021, employment made close to a complete recovery in quantitative terms. After the second quarter (Q2), quarterly growth in the total number of employed was nearly 200,000 workers greater than the YoY losses from 2020. Declining unemployment rolls and fewer economically inactive individuals point to renewed vitality in the labor market. By Q3 2021, the total number of employed

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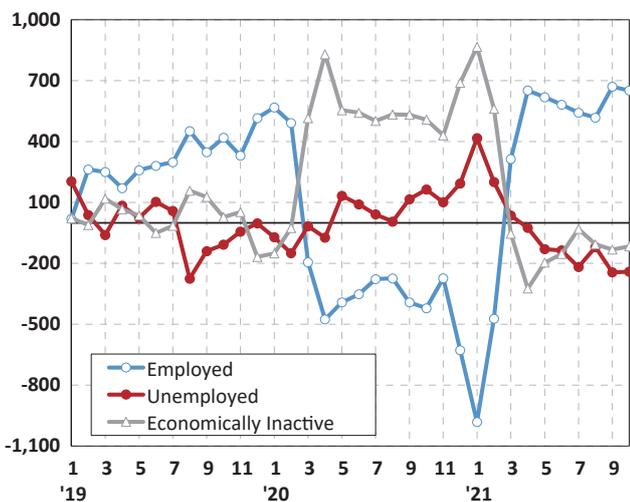
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was nearly 580,000 higher than it was in Q3 2020; on average there were 310,000 more workers on employment rolls on a YoY basis from January to October 2021. The employment rate averaged growth of 0.3%p over that same period while the unemployment rate fell by 0.2%p. Seasonally-adjusted monthly YoY figures also suggest a broader recovery in the labor market. The strength of the growth trend in the total number of employed began to ebb somewhat beginning in May 2021, but nonetheless employment growth continued to maintain a positive upward trajectory. Monthly YoY increases in the employment rate and concomitant declines in the unemployment rate indicate that quantitatively, the overall employment recovery is confirmed by several indicators.

From an industrial perspective, job growth in non-face-to-face services sector (upon which the COVID-19 pandemic had few ill impacts) stands out. The social services sector, which is associated with public jobs programs, saw employment jump by a significant margin. Employment in the construction industry grew in line with the overall improvement in business conditions. Employment in the manufacturing industry did not significantly deviate from its long-term gradual decline.

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

(Unit : 1,000 persons, YoY)



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

In traditional, face-to-face services, some positive YoY growth in employment was expected in H1 2021 (at least in terms of sheer numbers) given the losses the sector sustained in 2020. But no meaningful job growth was observed outside the educational services subsector. Despite this, upticks in the Business Survey Index (BSI) and Service Industry Activity Index (SAI) attest to across-the-board improvements in terms of both business conditions and employment in the service industry as a whole.

## II. 2021 Labor Market Sectoral Review

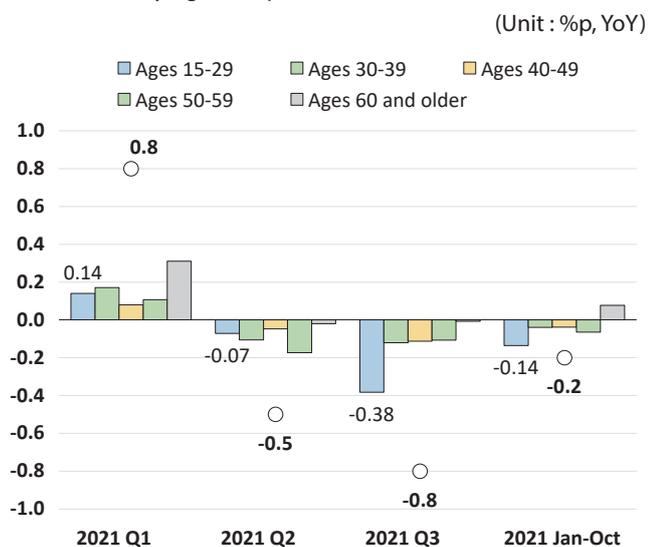
### 1. Falling Numbers of Unemployed

Despite the 4<sup>th</sup> wave of COVID-19 infections amid the ongoing global pandemic, the domestic unemployment rate has continued to fall as the labor market continues to exhibit a recovery trend. There were 241,000 fewer unemployed individuals in October 2021 on a YoY basis, and overall Q3 unemployment was down 193,000 YoY. This ongoing decline in unemployment persists despite the continued implementation of social distancing measures to combat the spread of COVID-19.

Examining the falling unemployment trend by age group, a marked decrease in youth unemployment beginning in H1 2021 is particularly evident (see Figure 2), and within this subgroup, a drop in the number of youths that had never held a job is observed. By sector, youth unemployment in traditional, face-to-face service industries, including the wholesale and retail, food and lodging, and sports and culture sectors has fallen. The extended unemployment rate also shows that youth unemployment began to fall in March and continued unabated into October. Moreover, the trend has only intensified over this time.

An analysis of constituent indicators attests to the recovery of the youth labor market as it shows a larger decline in the number of unemployed and the in the potential economically active population. The number of econom-

Figure 2. Proportion of Quarterly Changes in the Unemployment Rate by Age Group



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

ically inactive individuals has exhibited strong downward momentum since Q2 2021 (see Table 1).

Looking at changes in the economically inactive population by reason also reveals that the waning strength of the downward trend in Q3 2021 is mostly due to the increase in the number individuals becoming economically inactive by either retiring or aging out of the workforce. To wit, 153,000 more workers retired or aged out of the workforce in Q3 than in Q2. Yet indicators of economic resilience were strong, with the number of individuals pursuing workforce training opportunities on the rise, and the number of voluntarily unemployed individuals having declined for 3 consecutive quarters. In addition, while the number of non-active job seekers fell from Q1 to Q2 and transitioned into a decline trend in Q3, granular data suggests that this is not necessarily a negative development.

The number of workers on temporary leave fell by 265,000 in Q3 in the face of a 4<sup>th</sup> wave of COVID-19 infections rocking the country, exhibiting a major change from the baseline established in 2020. Looking back on the 3<sup>rd</sup> wave of COVID-19 infections last year, the increase in the number of temporary leave was not large, even though the size of the confirmed cases was much larger than that

Table 1. Changes in the Economically Inactive Population (Unit : 1,000 persons, %p, YoY)

	2021			
	Q1	Q2	Q3	Jan-Oct
Total	458	-225	-89	32
Childcare/housework	232	-113	-92	-3
Education/study	-96	-220	-181	-169
Workforce training	64	54	69	61
Retirement/old age	77	95	153	115
Voluntarily unemployed	222	-30	-41	42
Other	-40	-12	3	-15
Non-active Job Seeker	184	35	-5	60

Note: 1) 'Education' refers to those enrolled in formal educational institutions, private preparatory academies and/or training courses.

2) 'Workforce training' refers to those taking classes at private job training institutions or similar educational outlets.

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

of the 1<sup>st</sup> or 2<sup>nd</sup> wave. This phenomenon has again repeated during the 4<sup>th</sup> wave and the growth in the number of workers on temporary leave was limited, showing that the hitherto-established relationship between growth in the number of workers on temporary leave and the rate of viral infection has nearly vanished.

## 2. Employment Recovering for Younger(Aged 15-29) and Older(over 60) Cohorts

An analysis of employment by age group reveals that employment for the younger cohorts is recovering faster than other cohorts. The population of the early 20s cohort (ages 20 to 24) is falling, while the population of the late 20s cohort (ages 25 to 29) is increasing, and so it is appropriate to evaluate overall employment conditions by employment trends rather than by the effects of demographic change on the number of employed. The strength of the recovery trend in employment was greater for the early 20s cohort than for the late 20s cohort. Examining the early 20s cohort by gender, we see that women enjoyed far greater employment gains than men. Women's employment growth was concentrated in the ICT, health

and social services sectors; men saw their employment conditions continue to stagnant in the food and lodging, arts, sports and leisure industries. Employment growth for women in the ICT sectors exhibited a clear trend for the late 20s cohorts as well.

The total population of the cohort consisting of individuals in their 30s fell by 150,000 in 2021. The silver lining here is that the decline trend in the number of employed persons started weakening after the conclusion of the first half of the year, even after accounting for the falling population, and employment rates have also crept up since April. By gender, employment rate growth for women in the early-30s cohort and men in the late-30s cohort was robust, but the strength of the overall trend was greater for women. Employment growth for men the early 30s cohort was concentrated in the non-face-to-face service sectors, but employment continued to fall for men in the late 30s cohort in the manufacturing and wholesale and retail sectors. The growth in the number of women in the early 30s cohort employed in the health and social welfare sectors was particularly notable.

For workers in their 50s, the data show no significant recovery in overall employment in the traditional, face-to-face service industries. The total number of employed fell in the wholesale and retail, food and lodging, and arts, sports and leisure sectors, but a recovery trend was evident in the educational services, health and social welfare, professional and scientific services, finance and insurance, transportation and warehousing industries and other non-face-to-face service sectors. Owing to the fact that women in this age cohort account for a much greater proportion of employment in these sectors - save only for the transportation and warehousing industry - the increase in the employment rate for women was more noticeable compared to the rate for men.

Older workers in the over-60 cohort have continued to actively enter the job market, and employment for this age group is greatly affected by the status of public jobs pro-

Table 2. Trends in Major Employment Indicators by Age

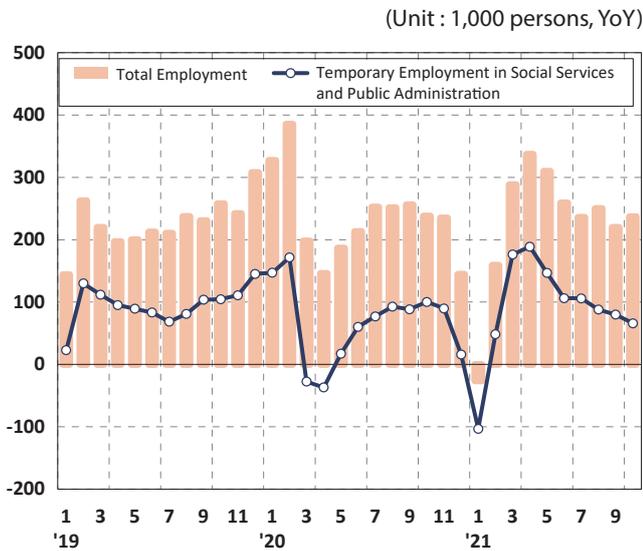
(Unit : 1,000 persons, %p, YoY)

		2019 Jan-Oct	2020 Jan-Oct	2021 Jan-Oct
Aged 15-29	Population	-89	-145	-138
	Employed	37	-165	<b>94</b>
	Employment Rate	-0.5	-0.1	-1.0
	Unemployment Rate	0.8	-1.1	<b>1.7</b>
30s cohort	Population	-103	-143	-147
	Employed	-61	-155	-121
	Employment Rate	-0.1	0.0	-0.1
	Unemployment Rate	0.2	-0.6	-0.2
40s cohort	Population	-143	-67	-71
	Employed	-164	-158	-41
	Employment Rate	-0.2	0.2	-0.1
	Unemployment Rate	-0.6	-1.3	0.2
50s cohort	Population	105	16	-8
	Employed	101	-83	42
	Employment Rate	0.0	0.4	-0.3
	Unemployment Rate	0.3	-1.1	0.6
60 and older	Population	547	626	659
	Employed	363	388	<b>334</b>
	Employment Rate	0.2	0.2	0.0
	Unemployment Rate	1.3	1.1	<b>0.4</b>

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

grams. The employment and unemployment rates both grew for this cohort in 2020, a year in which the impacts of COVID-19 pandemic were continually felt. A great deal of employment for older workers is tied to the Senior Employment Program, and in the early part of 2021, when the implementation of this program had stalled somewhat, growth in the number of employed for older workers also slowed. But when the program resumed normal operations in Q2, employment growth recovered to 2020 levels. For seniors over the age of 65, temporary employment in the public administration and health and social welfare sectors exhibited strong growth after January; it can be surmised that this is related to increased employment related to the Senior Employment Program.

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



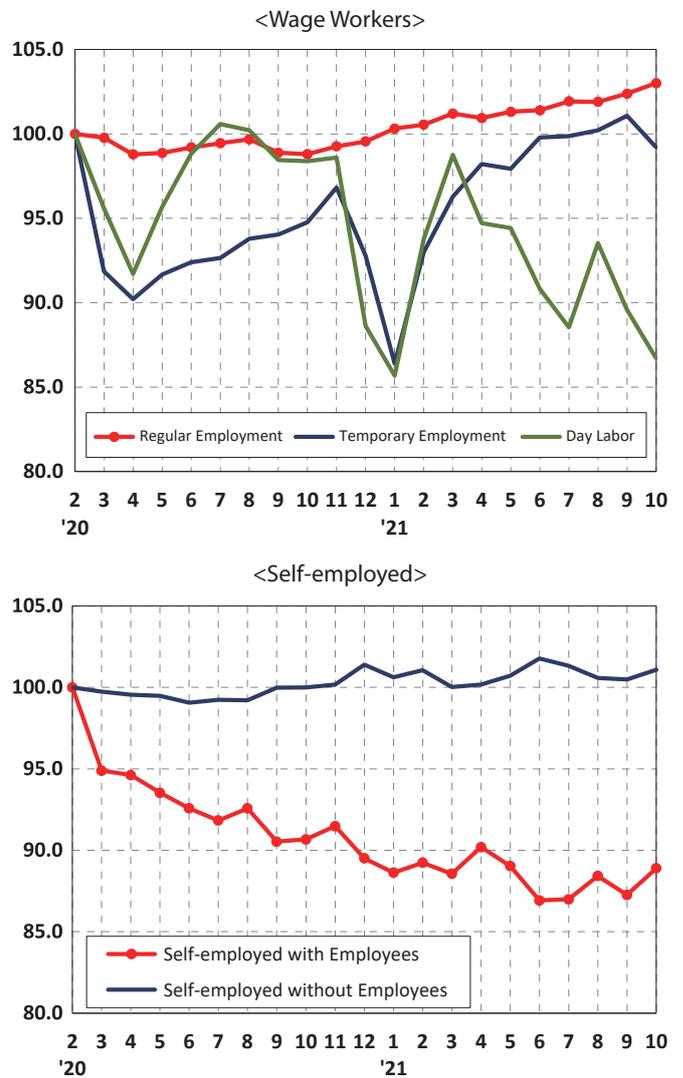
Source : Statistics Korea, 「Economically Active Population Survey」, raw data, each year.

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

2020 saw a remarkable decline in the number of temporary workers. This can be explained by businesses in the traditional, face-to-face service industries dealing with a sudden and major demand shock by letting go of temporary workers, for whom among wage workers employment is most easily terminated. Temporary employment began to rapidly recover after January 2021, and by H2 2021 had recovered to pre-pandemic levels. Temporary employment is posting significant growth in the health and social welfare sectors, the educational services sectors and the social services sectors. Job growth here can be seen as a positive effect of jobs programs as well as growing demand for non-face-to-face services, but temporary employment in the wholesale and retail sectors as well as the food and lodging industry remains sluggish considering the significant losses both sectors recorded in 2020.

Growth in full-time, regular employment - which had plunged in 2020 - turned to a recovery trend in Q1 2021 and by Q3 the number of employed had surpassed

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



Note : February, 2020=100.

Source : Statistics Korea, KOSIS.

pre-pandemic levels on a monthly YoY basis. The recovery of full-time, permanent employment from the pandemic-induced slump exhibited a modest time lag compared to speed of recovery in temporary employment, but the gap was negligible. However, growth by occupational status differed significantly in a handful of subsectors. In the construction sector, growth in full-time employment was much stronger than growth in temporary employment; the same trend was evident in the transportation and warehousing sector. This may be explained by increased employment in the transportation subsector in particular,

reflecting growth in demand for non-face-to-face services.

Employment growth in the finance and insurance, professional and scientific services and social services sectors has been strong since Q3 2021. Modest employment growth in the manufacturing industry - which accounts for a large proportion of full-time, regular employment - was observable in H1 2021, but by Q3 this growth trend had lost steam. Overall, the rate of growth of full-time regular employment had slowed somewhat, but there was no notable decline in regular employment, and seasonally-adjusted data suggest that the impact of the COVID-19 pandemic in full-time permanent employment was almost nil.

Day labor employment has still not recovered from its 2020 slump. Falling day labor employment in the wholesale and retail industries and the food and lodging sector is of particular note. The use of day labor is also declining in the construction sector even as the industry adds more full-time, permanent positions. But if business conditions in the construction industry continue to improve, it is likely that employment of day laborers will pick back up, as the sector has long been a stronghold for these workers. The traditional, face-to-face service sectors have been shedding day jobs, and seasonally-adjusted figures point to a deep slump in day labor employment, with continued month-over-month losses. It had appeared that day labor employment in the construction industry was poised to recover following a surge in Q1 2021, but the trend quickly dissipated and day labor employment continues to fall.

The employment conditions of self-employed small businesses owners with employees (self-employed with employees) and self-employed small business owners without employees (self-employed without employees) could hardly differ more: employment in the latter category is strong whereas nearly all indices of employment in the former are unfavorable. The employment of self-employed with employees has exhibited a cyclical trend in the wake of the financial crisis of 2008-2009, with predictable and observable incline and decline patterns being contin-

ually repeated. H2 2019 should have seen an increase in employment of self-employed with employees following the longstanding trend, but employment instead plunged owing to the outbreak of the COVID-19 pandemic. This trend has not yet reversed itself and employment in this category of workers has continued to slide since H1 2019, though by H2 2020 the strength of the trend had weakened somewhat; outside of the wholesale and retail sector, no industries have seen the employment of self-employed with employees seriously dip. As more consumption takes place online, there is little reason to expect significant increases in the number of self-employed with employees in the wholesale and retail sector and instead we should look for signs of recovery in other traditional, face-to-face service sectors.

In the long term, the employment cycle of self-employed without employees runs contrary to the overall economic boom-bust cycle. During boom periods, employment of this category of workers tends to turn to a decline phase or begin falling faster, while in bust periods employment tends to turn to an incline phase or exhibits a weakening of an ongoing decline trend. This has traditionally been interpreted to suggest that employment growth of this category of workers shows how self-employment functions as a buffer against macroeconomic shocks to the labor market. This hypothesis seems to hold in the COVID-19 era, having employment of self-employed without employees began to increase in the months after February 2020, when the economic impacts of the pandemic first made themselves felt. By subsector, employment of this category of workers has skyrocketed in the transportation and construction industries. By Q3 2021, employment began to dip in the other personal services sector on a YoY basis, but this can be seen as owing to the base effect of strong employment growth in 2020.

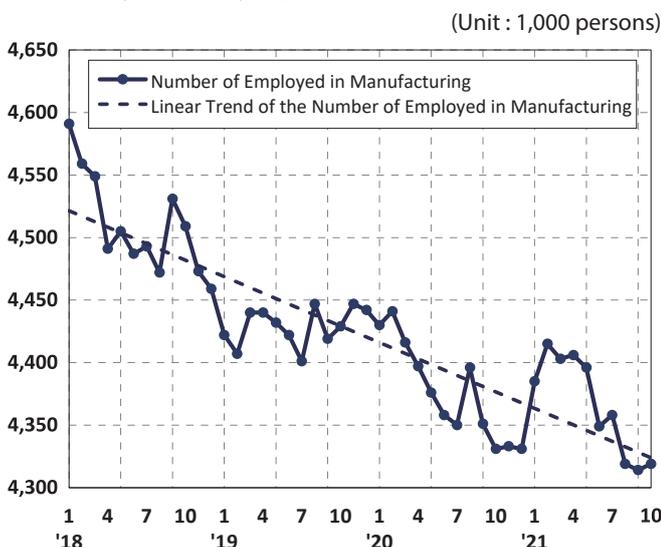
#### 4. Gains in Manufacturing Employment Petered out in H2 2021

The manufacturing industry had been shedding jobs for years until H1 2021, when amid the economic recovery and improved business conditions the industry added positions, but H2 2021 saw the total number of employed fall again. [Figure 5] shows that the actual number of employed in the manufacturing sector (seasonally adjusted) overtook the long-term trendline in H1 2021, but began falling again in H2.

While the number of economically active individuals declined, employment insurance data and data from the workplace labor force survey show that the number of workers insured under the employment insurance scheme actually increased (see Figure 6). Labor statistics are extracted from survey data, but owing to differences in the duration, targets, and scope of surveys, data on changes in employment may differ depending on what surveys are being used. Changes among data sets necessitate the use of extreme caution when evaluating the overall employment situation.

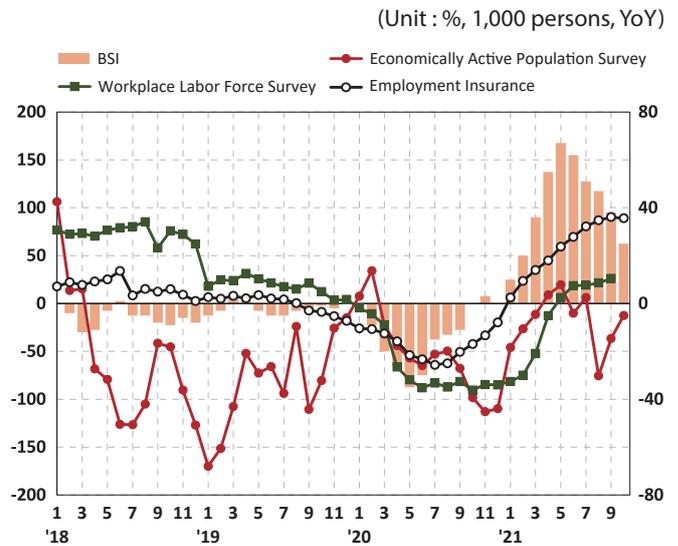
By subsector, employment is on the upswing in the elec-

Figure 5. Total Number of Employed in the 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.

tric equipment manufacturing, electronics, computers, audio-visual and communications equipment manufacturing, and miscellaneous general machinery manufacturing industries. Employment in the electric equipment manufacturing subsector grew on the back of higher production of primary batteries, battery storage devices and household devices. Monthly production grew by double-digit rates in YoY terms in the audio-visual and communications equipment manufacturing sector, buoyed by higher semiconductor production. Semiconductor exports continued booming and exports of computers grew as well. The electronics, computers and telecommunications equipment manufacturing sectors continue to add jobs amid a yearlong boom. Production grew in the miscellaneous general machinery industry, reflecting how improvements in overall economic conditions have led to more demand for machines in manufacturing, construction and other upstream industries. Exports of machine tools are soaring as manufacturing demand in major economies picks up amid an improvement in overall economic conditions, and expanded infrastructure invest-

ment has seen exports of construction equipment pick up as well. Increases in the numbers of workers covered by the employment insurance scheme and in the number of workers identified in the workplace labor force survey in H2 2021 are largely thanks to an improved business environment in the miscellaneous machinery manufacturing sector. We expect continued employment growth in the sector assuming the sanguine business environment at home and abroad continues into next year.

The automotive industry, meanwhile, recorded significant production growth in H1 2021 but production slackened heading into the second half of the year; exports also dipped in the months of September and October. Production, demand and exports of finished cars are also down YoY, and overall, the situation looks bleak. But employment has remained steady, maintaining the H1 trend, and there is nothing to suggest that the grim outlook from October has led to reduced employment.

### **5. Continued Employment Growth in the Construction Industry**

Employment continued rallying in the construction sector in 2021. According to the economically active population data, the number of employed in the sector grew by 85,000 YoY, and from July to October 2021, 81,000 new jobs were added. Employment insurance data support this trend, showing that the number of workers covered by the employment insurance scheme posted month on month gains, indicating an expansionary trend. And even though overall construction investment - a major indicator of the business environment in the construction industry - fell, we can see that this is due to declining investment in civil engineering projects, but the investment in building construction is actually on the upswing. New construction orders, a leading indicator, jumped by 13.2% YoY from January to September 2021. Assuming construction investment recovers going forward, employment in the

industry should maintain its current upward trajectory.

### **6. A Quantitative Recovery in Service Employment**

The average number of employed in the service industry had increased by 220,000 workers on a YoY basis from January to October 2021. Excluding the January and February of 2021, in which service employment was impacted by the 3<sup>rd</sup> wave of COVID-19 infections, average YoY growth in the total number of employed in the service industry stood at 455,000 workers. The industry added 600,000 workers in September and October, vastly outnumbering the losses incurred in the same months of 2020.

The wholesale and retail sector, however, was down on average 160,000 workers on YoY basis; the strength of the decline trend remains similar. By establishment size, the number of businesses with five or fewer employees (many of which are in the retail sector) has been declining since 2019, before the COVID-19 crisis began. The strength of the decline in the number of small businesses with five or more employees (many of which are in the wholesale sector), however, has diminished, and employment is showing some signs of recovery.

Employment in the food and lodging sector looked as if it had entered an extended recovery phase in March 2021, when it added at least 60,000 jobs. But this proved illusory, as fluctuating employment in April onward had by October produced a monthly average of just 7,000 new workers, and so the overall employment situation in the sector remains broadly similar to that of 2020. As new, non-face-to-face consumption has come to dominate the pandemic-stricken economic landscape, average monthly employment at small-scale restaurants run by five or fewer workers has grown 60,000. Yet for larger, midsized restaurants that typically hire more than five workers, the employment situation is grim, and this category of businesses has continued to shed jobs since 2020. Falling employment here owes to social distancing restrictions placed on these midsized

Table 3. Changes in Employment by Service Subsector  
(Unit : 1,000 persons, YoY)

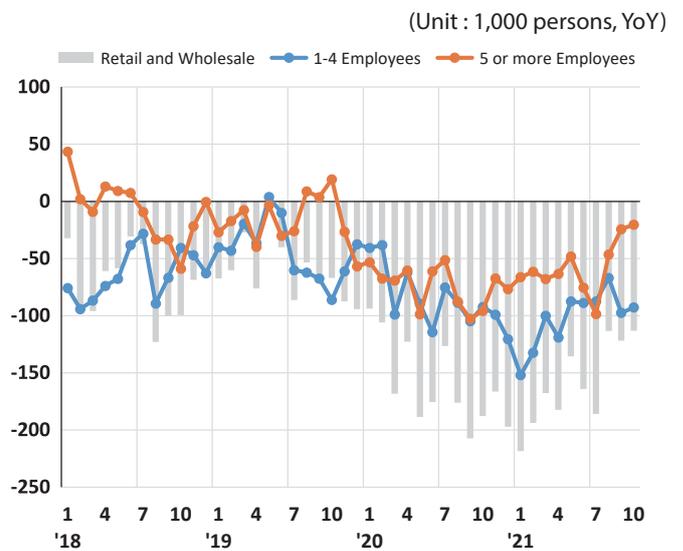
	Nov. 20- Feb. 21	Mar. 21- Jun. 21	Jul. 21- Oct. 21
Retail and Wholesale	-194	-162	-134
Transportation and Warehousing	27	90	138
Food and Lodging	-268	12	3
ICT			
Finance and Insurance			
Real Estate			
Professional and Scientific Services	-46	207	244
Facility Management			
Public Administration			
Health and Social Welfare	28	337	362
Education			
Art, Sports, Leisure Association, Employment in the Household	-134	-78	-103

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

restaurants and eateries that aimed to curtail and contain the COVID-19 outbreak but sharply restricted business operations and therefore limited these businesses’ ability to create employment. However, we expect employment at mid-sized restaurants and eateries to recover as rising vaccination rates enable a phased return to normalcy.

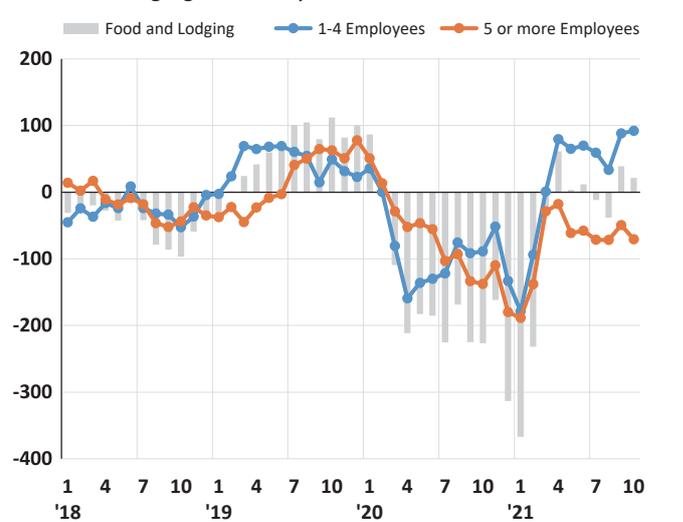
The transportation and warehousing sector has added more employees than any other subsector in the service industry, save for the health and social welfare sector. Employment growth in the transportation and warehousing sector up to 2019 was characterized by increases in the number of full-time, permanent employees given higher demand for domestic and foreign travel services and demand for goods directly imported from abroad. But after the pandemic hit and non-face-to-face consumption economic activity intensified, employment in this sector has been dominated by increases in the number of delivery workers, classified as self-employed, whose numbers have increased by 40,000 to 50,000 every month since the start of the pandemic. The number of workers classified as wage workers in the sector has recently increased by

Figure 7. Changes in Total Number of Employed in the Wholesale and Retail Sectors, by Business Size



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

Figure 8. Changes in Total Number of Employed in the Food and Lodging Sectors, by Business Size



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

100,000, but the majority of these employees are not registered under the employment insurance scheme, and are likely to continue their economic activity without doing so. Given the global supply chain bottlenecks and uncertainties surrounding the global travel environment, it will be difficult for the sector under consideration to continue its employment growth into 2022.

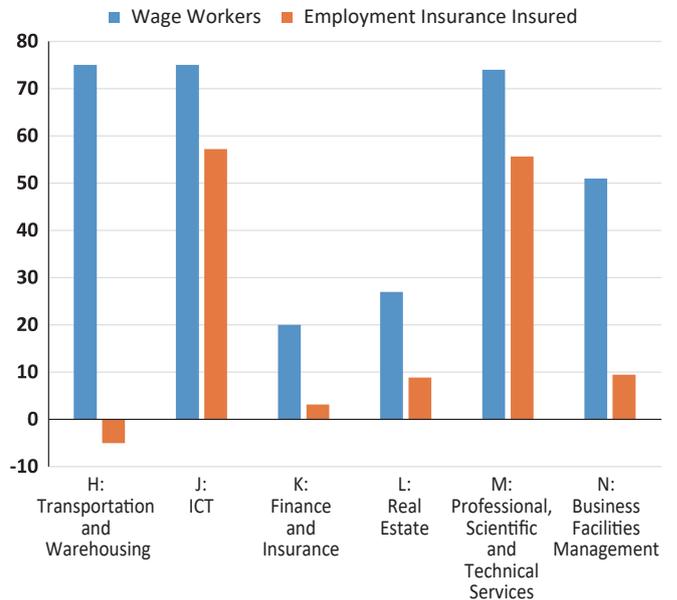
Non-face-to-face service industries such as the ICT,

finance and insurance, and professional and scientific services sectors, which feature a high proportion of highly-skilled specialists, have recently recorded even stronger employment growth than in H1 2021, and a good portion of these new hires are women. By subsector, the total number of employed in the ICT industry had increased by an average of 60,000 workers from March to October 2021; this figure stood at 24,000 in the finance and insurance industry, 21,000 in the real estate industry, and 64,000 in the professional and scientific services sector. The number of workers in the business facilities management and business support services (which includes rental and leasing businesses) had on average increased by 57,000 over the same period.

The finance and insurance, real estate, and business facilities management and support sectors have recorded an increase in the number of wage earners based on data from the Economically Active Population Survey, but this growth has not produced concurrent growth in the number of workers covered by the employment insurance scheme, which can be seen as a measurement of the stability of a position. This is due to the nature of employment growth in these sectors. For example, in the finance and insurance industry, most of the jobs added in the sector are temporary positions staffed by women in their 50s, and so if business conditions deteriorate in the future, these jobs (much as those newly-added positions in the transportation and warehousing sector) are likely to be eliminated.

Employment growth in the social services sector (consisting of the public administration, educational services and health and social welfare subsectors) averaged 350,000 positions, according to data from March to October 2021. The social services sector has expanded in line with the continued growth of public workfare programs, which have up to this point have targeted seniors over the age of 65 and contributed to employment gains for that demographic. But recent data tell a different story: from

Figure 9. Fluctuation in the Number of Wage Workers and the Employment Insurance Insured by Sector (Mar-Oct 2021)  
(Unit : 1,000 persons, YoY)



Source : Statistics Korea, 「Economically Active Population Survey」, raw data. ; Korea Employment Information Service (KEIS), 「Statistics on Employment Administration」.

March to June 2021, of the 337,000 jobs added in the sector, 170,000 were positions filled by workers under the age of 65. From July to October this figure grew; among the 362,000 new jobs in the sector, workers under the age of 65 accounted for 258,000 of them.

Finally, the protracted employment slump continued into H2 2021 in the arts, sports, personal services and household employment sectors (in which lines of business include musical performances, stage plays, professional sports matches, beauty salons, and public saunas and bathhouses). These subsectors were seriously affected by the social distancing measures implemented to stem the tide of COVID-19 infections. From March to June 2021, the total number of employed in these industries had fallen by 78,000; from July to October, this figure had crept up to 100,000. However, as widespread public vaccination programs promise to enable a return to pre-pandemic lifestyle patterns, we expect business to pick up in the arts, sports, leisure and personal service sectors and employment gains to follow thereafter.

### III. 2022 Employment Outlook

In 2021, the labor market made a strong recovery from the employment shock wrought by COVID-19. The total number of employed turned toward an upward trajectory in March and eventually went on to record an average YoY increase of 600,000, a figure that has been maintained ever since. This represents a recovery of all the jobs lost in 2020 and 200,000 more additional new jobs. Even on a seasonally-adjusted basis, the employment recovery is now an eight-month-old trend, and employment is now at 99.9% of pre-pandemic (February 2020) levels. As explored previously, it is important to keep in mind that that the trends in the employment recovery have exhibited some differences by sector and by class. But barring a major wave of COVID-19 infections or a change in macroeconomic conditions, the employment recovery should continue to the end of the year and ultimately go on to record net growth of 352,000 jobs.

Based on a recovery in private consumption in the traditional, face-to-face services industries and growth in exports as well as higher facilities and construction investment, the Korean economy is expected to achieve a growth rate of 4.0% in 2021. The economy should grow by 3.0% in 2022 as domestic demand begins to recover in earnest.

With non-face-to-face services booming, orders for new construction and an expansion of public investment, the outlook in the construction industry (responsible for strong employment growth in 2021) is particularly sanguine for 2022. Moreover, assuming the government's quarantine efforts successfully contain the COVID-19 outbreak, we can expect a gradual recovery in the traditional, face-to-face services industries. Yet various risk factors that may postpone the economic recovery should be recognized. These risks include the ongoing supply chain bottleneck caused by a mismatch in the supply of and demand for raw materials and the disruptions to global logistics, as

well as the US-China trade conflict and other lower-level risk factors.

In consideration of all the above, the employment outlook for 2022 is as follows.

As previously argued, barring a sudden contraction of the global economy or domestic market and ruling out any unusual phenomena that could negatively affect the labor market, the total number of employed should increase by 243,000 in 2022. Patterns of YoY employment growth in 2022 will necessarily reflect the base effect from 2021, when employment growth was stronger in H2 than in H1. We expect that 367,000 workers will be added to employment rolls in H1 2022, and 119,000 new positions in the second half of the year.

However, as daily new caseloads continue to increase, we must continue to monitor the uncertainties in the employment situation caused by new variants of the COVID-19. Moreover, while the labor market has recovered to pre-pandemic standards, it has still not yet matched the long-term pre-pandemic recovery trend. We hope the government's continued efforts to revitalize the domestic market, contain the COVID-19 outbreak, and boost the recovery in employment effectively produce continued job growth in 2022.

Table 4. 2022 Employment Outlook

(Unit : %, 1,000 persons)

	2021			2022*		
	H1	H2*	Annual*	H1	H2*	Annual*
Employed Population	26,918	27,595	27,256	27,285	27,714	27,500
(Rate of Increase)	0.4	2.2	1.3	1.4	0.4	0.9
(Increase/Decrease)	119	585	352	367	119	243
Unemployment Rate	4.5	3.1	3.8	4.3	3.1	3.7
Employment Rate	59.8	61.1	60.5	60.2	61.0	60.6

Note : \* represents projections.

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