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Evaluation of 2019 Labor Market and 2020 Employment Outlook*

Center for Labor Trends Analysis**

I. Overview of the Labor Market in 2019

In January-October 2019, the average number of employed persons went up by 276,000 persons year-on-year, reflecting a steeper growth compared to the year-on-year increase of 97,000 persons during the same months in 2018. The employment rate rose by 0.2%p year-on-year due to the growth among the young (15 to 29 years, by 36,000 persons), women (by 197,000 persons), and the elderly (60 years or above, by 417,000 persons). Despite the improved employment in certain parts of the service sector, men in their 30s to 50s continue to face employment slowdown (decrease of 0.3%p in employment rate, 0.6%p increase in employment rate among women) as the economic downturn persists.

On average, the unemployed population during the period of January-October 2019 dropped by 7,000 persons

year-on-year, resulting in the decrease of unemployment rate by 0.1%p. The number of unemployed persons saw a year-on-year rise in the first half of 2019 (up by 66,000 persons) due to the early, expanded implementation of the government's job creation project for the elderly and the schedule for civil service exams. However, starting in August 2019, the number dropped significantly (down by 275,000 in August; 140,000 in September, and 108,000 in October), resulting in the reduction of average number of unemployed persons in January-October 2019.

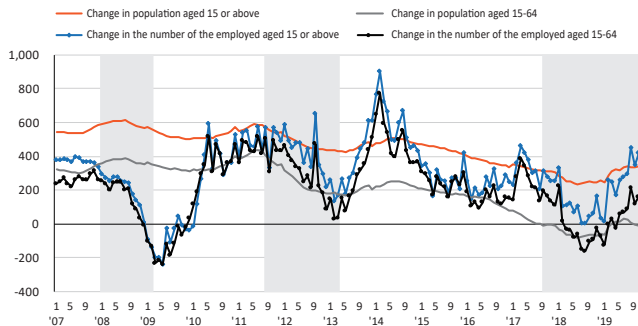
During the period of January-October 2019, the average number of economically inactive population increased by 48,000 persons year-on-year, reflecting a slower growth compared to the year-on-year increase of 100,000 persons during the same months in 2018. As the number of employed women rose, the number of those engaged in 'childcare and housework' dropped. And,

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Figure 1. Trends in the Number of the Employed and the Size of Population (Aged 15 or above & Aged 15-64) Compared to the Same Month of the Previous Year

(Unit: thousand persons, year-on-year)



Note: The shaded area indicates an economic contraction period.

Source: Statistics Korea, KOSIS.

Table 1. Trends in Major Employment Indicators

(Unit: thousand persons, %, year-on-year)

		Jan.-Oct. 2017	Jan.-Oct. 2018	Jan.-Oct. 2019
Aged 15 or above	Working age population (number of increase)	43,907 (328)	44,159 (252)	44,476 (317)
	Economically active population (number of increase)	27,757 (337)	27,907 (150)	28,176 (269)
	Employed population (rate of increase)	26,708 (1.2)	26,804 (0.4)	27,080 (1.0)
	(number of increase)	(328)	(97)	(276)
	(Male)	(137)	(3)	(79)
	(Female)	(191)	(94)	(197)
	Employment rate (Male)	60.8 (71.2)	60.7 (70.9)	60.9 (70.6)
Aged 15-64	(Female)	(50.8)	(50.9)	(51.5)
	Unemployed population	1,049	1,103	1,095
	Unemployment rate (Male)	3.8 (3.9)	4.0 (4.0)	3.9 (4.0)
	(Female)	(3.6)	(3.9)	(3.7)
	Economically inactive population (number of increase)	16,150 (-9)	16,252 (102)	16,300 (48)
	Working age population (number of increase)	36,862 (27)	36,798 (-64)	36,798 (-0)
	Employment rate (Male)	66.6 (76.2)	66.6 (75.9)	66.7 (75.6)
Aged 15-64	(Female)	(56.8)	(57.1)	(57.7)
	Employed population (number of increase)	24,548 (237)	24,501 (-48)	24,560 (59)

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

with the decrease in school-age population, the number of those ‘attending formal educational institutions’ among those aged 15-24 declined rapidly. However, the effect of the economic downturn is evident in the fact that the age range of those ‘finding a job after school’ is expanding beyond just youths (28.5 years old in 2018; 29 years old in 2019) and that the number of those who answered ‘out of work’ has increased at a faster pace among men under 60 (up by 115,000 persons).

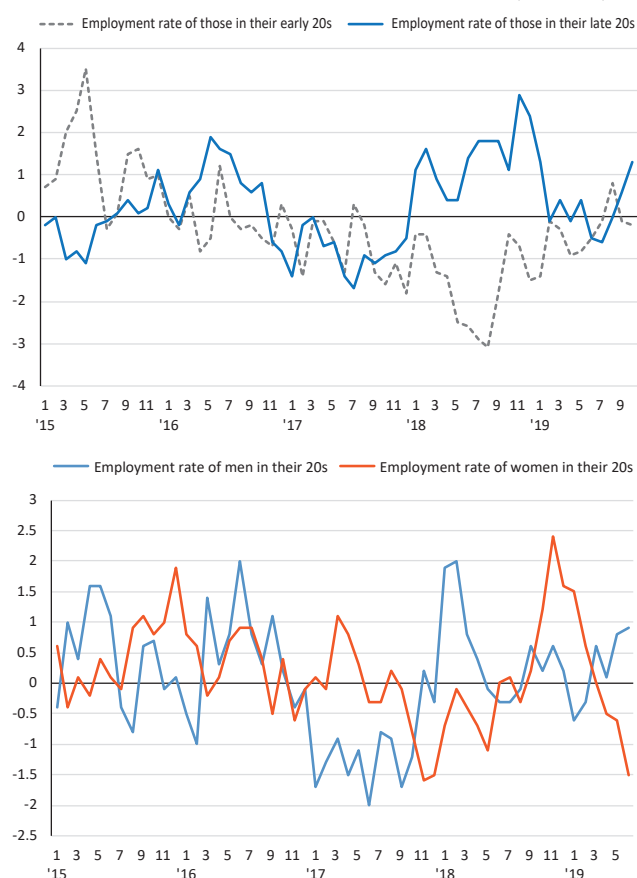
II. Evaluation of 2019 Labor Market by Sector

1. Growth in Employment Rate of Youths in Their 20s Led by Those Attending Schools

The average employment rate of youths in their 20s during the period of January-October 2019 was at 58.1%, up by 0.3%p year-on-year, showing an improvement compared to the year-on-year increase of 0.1%p during the same months in 2018.

By education status, the number of employed persons among those in their 20s attending higher education institutions (HEIs) (including those on leave of absence) increased by 36,000 persons, while the number of the employed among graduates (including dropouts) rose by 8,000, suggesting that those attending HEIs were leading the employment growth among those in their 20s. Such growth in employment among those attending HEIs was visible in education services; business facility management and business support services; and the accommodations and food services industry, and most of the students worked for less than 15 hours per week. In the case of graduates, the number of the employed rose in the accommodations and food services industry and the construction industry; but declined drastically in the manufacturing industry and the financial and insurance industry. However, in September and October, employment among

Figure 2. Changes in Employment Rate of Those in Their 20s
(Unit: thousand persons, year-on-year)



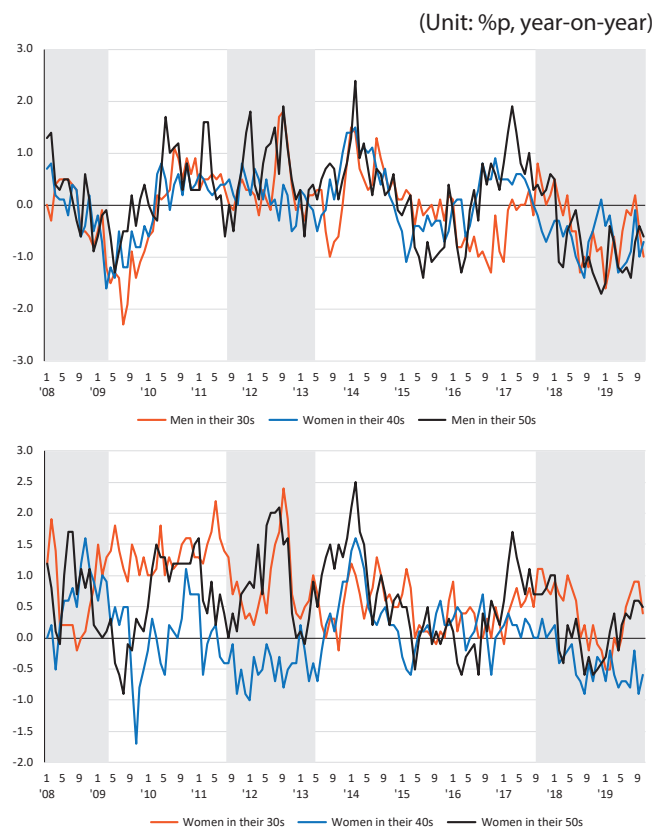
Source : Statistics Korea, *Economically Active Population Survey*, raw data, each year.

graduates of universities or above showed signs of recovery in education services; transportation and storage; and arts, sports and recreation related industries.

2. Continuing Employment Downturn Amongst Men in Their 30s~50s

Among those in their 40s, employment slowdown continued as the employment rate declined by 0.7%p year-on-year during the period of January-October 2019. In particular, the employment rate of men dropped by 0.8%p, with a decrease in the number of employed persons in the manufacturing industry (-32,000 persons), the construction industry (-29,000 persons), and the public administration industry (-26,000 persons). In the case of women in their 40s, the employment rate decreased by 0.5%p, with a reduction in the manufacturing industry (-31,000

Figure 3. Changes in Employment Rate of Those in Their 30s, 40s and 50s
(Unit: %p, year-on-year)



Note : The shaded area indicates an economic contraction period.

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

persons), the wholesale and retail trade activities (-24,000 persons), and the accommodations and food services industry (-22,000 persons).

Among men in their 30s, the number of employed persons dropped in the wholesale and retail trade activities (-26,000 persons), the public administration industry (-24,000 persons), and business facility management and business support services (-12,000 persons). As for men in their 50s, the employed population decreased in the wholesale and retail trade activities (-16,000 persons), and the construction industry (-8,000 persons). As a result there was a decrease in employment rate of 0.6%p and 0.9%p respectively. The employment increase of women in their 30s, was mainly led by married persons (up by 1.5%p) rather than single persons (down by 0.8%p), and by women rather than men. Employment growth among women in their 50s (96,000 persons increase) was mainly

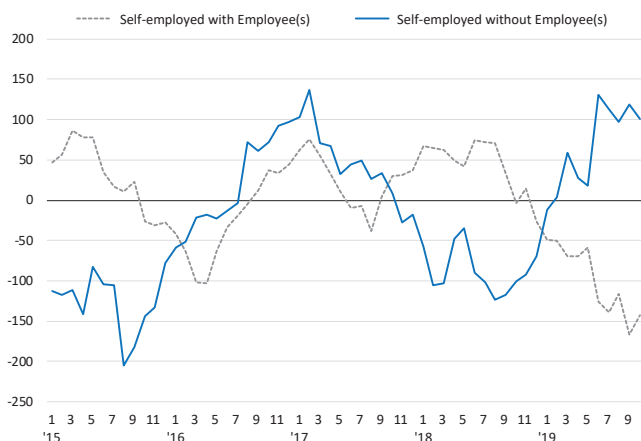
evident in the human health and social work sector (60,000 persons increase), and education services (15,000 persons increase).

3. Rapid Growth of Employment Rates for Those Aged 60 and Over

The average employment rate of the elderly aged 60 years or older during the period of January-October 2019 was 41.4%, up by 1.3%p year-on-year, suggesting a more rapid growth compared to the year-on-year increase of 0.2%p during the same months in 2018.

Thanks to the early, expanded implementation of the Korean government's job creation project for the elderly aged 65 and over, the number of employed persons age 65 and older has continued to rise steadily since the beginning of the year when it recorded strong growth. Taking into account the hours of public service activities as part of the project, the number of those engaged in marginal part-time employment (i.e. less than 15 hours a week) increased by 79,000 persons. Among them, there was an increase of 42,000 persons in the public administration services sector, and the human health and social work sector also saw a rise in employment by 60,000 persons. Such increases indicate a significant impact of the government's job creation project for senior citizens.

Figure 4. Trends in the Number of Self-Employed
(Unit: thousand persons, year-on-year)



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

4. Continued Increase in the Number of Self-employed without Employee(s)

The growth in the number of employees (wage workers) continues to accelerate gradually since the first half of the year, especially in permanent jobs. Although the number of contingent jobs increased due to such factors as the Korean government's job creation project for the elderly, it dropped significantly in the wholesale and retail trade industry, the manufacturing industry, and membership organizations and other personal services. As for daily jobs, the number of the employed persons decreased by 14,000 due to the recent dramatic downturn in the construction industry.

The number of self-employed workers with employee(s) has recently begun to decline at a rapid pace, seeing an average decrease of 99,000 persons during the period of January-October 2019. By industry, the number dropped in the accommodations and food services industry and the construction industry; and recently the decline was particularly fast in the wholesale and retail trade activities. However, it is to be noted that after the financial crisis, the number of self-employed workers with employee(s) generally tends to increase for a year and decrease for another year.

During the same period in 2019, the number of self-employed workers without employee(s) increased by 66,000 persons. The rate of decrease in the wholesale and retail trade sector which had been quite rapid in the previous year was reduced, and the number in the accommodations and food services industry, the construction industry and the education services industry turned to an upward direction. Since the number of self-employed workers without employee(s) tend to increase with recession and unfavorable labor market conditions after a financial crisis, the current increase seems to reflect that tendency.

5. Continued Employment Increase Driven by Part-time Workers

The number of those working long hours exceeding 45 hours per week (actual working hours) is generally seen to decrease or its growth is seen to decelerate during recession, as shown by the *Economically Active Population Survey*. Since the second half of 2017 (i.e. before the in-

Table 2. Trends in the Number of Employed Persons by Working Hours

(Unit: thousand persons, year-on-year)

		Less than 15 hours	15~35 hours	36~44 hours	45~52 hours	53 hours or more
All		204	298	448	-149	-473
Gender	Male	70	84	332	-40	-332
	Female	135	214	117	-109	-142
Worker Status	In Permanent jobs	27	165	549	-25	-309
	In Contingent jobs	151	105	-72	-98	-148
	In Daily jobs	26	28	-29	-26	-16
Industry	Manufacturing Industry	12	39	64	-50	-125
	Construction Industry	11	12	46	-18	-42
	Wholesale and Retail Trade	2	36	71	-19	-103
	Accommodations and Food Services	44	51	9	-6	-35
	Public Administration	33	8	-47	-3	-19
	Human Health and Social Work	49	67	105	-29	-20
	Other Industries	53	86	201	-24	-129
Age	Aged 20s	56	35	83	-78	-55
	Aged 30s	15	26	91	-42	-131
	Aged 40s	18	44	74	-44	-148
	Aged 50s	16	85	133	12	-85
	Aged 60s	21	79	68	9	-41
	Aged 70 or above	71	30	5	1	-10

Note : Average of January-May 2019(the data of June is excluded from the analysis due to the June 2018 local elections).

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

roduction of the 52-hour workweek cap), the growth in the number of those working long hours has been slowing down. Thus, it appears that the current trend is affected not only by the implementation of the 52-hour workweek system but also by general economic factors.

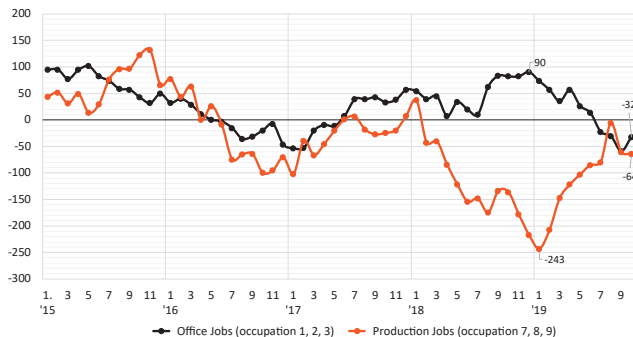
The number of workers who worked 15 to 35 hours a week increased by 300,000, mainly among women in their 50s and 60s. Since the majority of them are employed in the accommodations and food services industry and the human health and social work sector, the above figure shows that many older women are actively participating in economic activities, mainly engaging in part-time jobs. The number of those who work less than 15 hours a week also increased by 200,000 persons year-on-year, and such a big growth is driven mainly by students in their 20s and senior citizens aged 70 years or above. The growing trend can be attributed to the increase in marginal part-time employment (i.e. less than 15 hours a week) preferred by employers who want to be exempted from contributing social insurance premiums or paying wages for weekly holidays; and the expansion of the government's job creation project.

6. Manufacturing Jobs Continues To Decline

Employment in manufacturing declined by 93,000 persons year-on-year, with a significant drop in contingent workers (-54,000 persons), those aged in their 20s (-63,000 persons), those in their 40s (-63,000 persons), and those in occupations related to production management¹⁾ (-112,000 persons). Due to sluggish manufacturing production (year-on-year decrease in Q1 -2.1%, Q2 -0.8%, Q3 -0.7%), the decline in employment was especially evident those in occupations related to production management (craft and related trades workers, plant and machine operators and assemblers, and elementary occupations). Employment

1) Production-related occupations include craft and related trades workers (7), plant and machine operators and assemblers (8), and elementary occupations (9).

Figure 5. Status of Employed Population in Manufacturing:
Office Workers & Production Workers
(Unit: thousand person, year-on-year)



Note: The classification follows the 7th Korean Standard Classification of Occupations, Occupation 1 refers to Managers, 2 are Professionals and Related Workers, 3 are Clerks, 7 are Craft and Related Trade Workers, 8 are Equipment, Machine Operating and Assembling Workers and 9 are Elementary Workers.

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

in white collar occupations²⁾ increased by 12,000 persons year-on-year during the period of January-October 2019, suggesting that unlike the production-related occupations, head office functions such as marketing and R&D had a favorable employment situation. However, beginning in Q3 2019, employment in both white collar and blue collar occupations turned to a downward direction (-37,000 persons in Q3).

According to the *Report on Labor Force Survey at Establishments* released by the Ministry of Employment and Labor, the statistics on the number of the insured under employment insurance and the analysis of production flows, the recent increase in production and exports in other transportation equipment manufacturing (including the shipbuilding industry) and the satisfactory flow of orders have contributed to a gradual recovery of employment. Although automobile exports (6.8% increase in terms of the amount of export) are relatively good, the production of the automotive industry (down 0.4% year-on-year during the period of January-October) has not been large which failed to contribute to employment growth. In addition, given that foreign direct investment has actively

been pursued since 2018 in manufacturing of electrical equipment, as well as in manufacturing of electronic components, computer, radio, television and communication equipment (including semiconductors); and that domestic production of home appliances and components has been decreasing, employment has slowed down. Employment has also been negatively affected by the declining phase in the manufacturing of other machine and equipment manufacturing, which has a large share of employment in the manufacturing industry, in terms of both machinery investment (Q1 -20.9%, Q2 -9.2%, Q3 -3.6%) and the level of special industrial machinery (Q1 -8.9%, Q2 -10.2%, Q3 -19.3%).

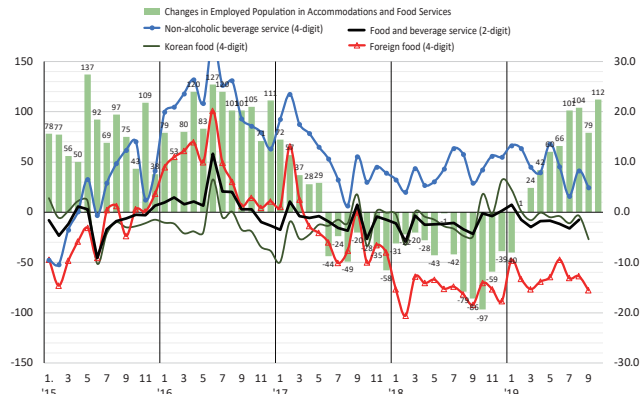
7. Improving Employment in the Service Industry

In the human health and social work industry (160,000 persons), the number of employed persons in their 60s or above increased by 87,000 persons. In particular, there was an increase of 46,000 persons among those in their 70s or older, and most of them worked less than 15 hours a week (36,000 persons). By occupation, growth was seen in both caregiving and health service workers (73,000 persons) and cleaning and guard related elementary occupations (29,000 persons). It is analyzed that such growth reflects the increasing need for the health and welfare services in line with social trends and the impact of the expanded implementation of the government's job creation project for the elderly.

In professional, scientific and technical services, the number of employed persons increased by 57,000 persons in the first half of 2019. The increase in the number of employees reported by the *Report on Labor Force Survey at Establishments* is maintained steadily at 30,000 persons, and the growth in the number of the insured under

2) White collar occupations include managers (1), professionals and related workers (2), and clerks (3).

Figure 6. Status of Employed Population in Accommodations and Food Services; Rate of Increase in Production Index in Food and Beverage Services (Constant Index, 2015 = 100)
(Unit: thousand persons, year-on-year)



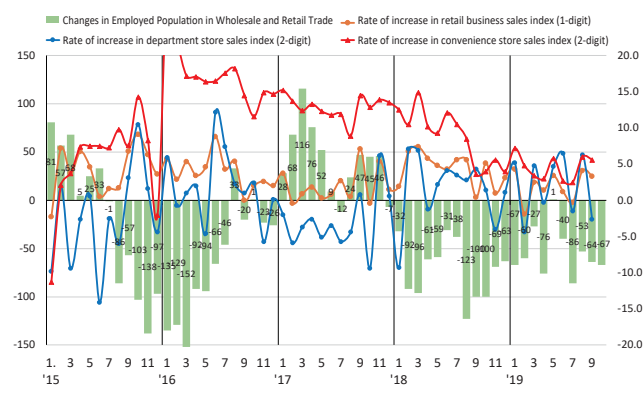
Source : Statistics Korea, *Economically Active Population Survey*, raw data, each year. *Service Industry Survey*, KOSIS.

employment insurance is also maintained at a range of 40,000~50,000 persons. Recently employment is mainly increasing in firms that in terms of scale size have 300 or more employees (51,000 persons in Q3) and office workers (45,000 persons). It was also observed that, in professional services including corporate headquarters and accounting and legal services, there was an increase in the number of workers (Q3 18,000 persons based on the *Report on Labor Force Survey at Establishments*) as well as in the number of the insured (18,000 persons in Q3), pointing to employment growth in the related industries.

In the field of information and communications (32,000 persons), the software development and supply production industry which includes mobile software development saw an increase of 7.3% in Q1, 3.7% in Q2, and 2.1% in Q3. Also, the number of the insured under employment insurance rose (19,000 persons in January-October 2019), and the number of employed persons increased (26,000 persons in the first half of 2019) according to the regional employment survey.

In accommodations and food services (up by 55,000 persons), employment which had continued to decline

Figure 7. Status of Employed Population in Wholesale and Retail Trade; Rate of Increase in Retail Sales Index by Retail Business Type (Constant Index, 2015 = 100)
(Unit: thousand persons, %, year-on-year)



Source : Statistics Korea, *Economically Active Population Survey*, raw data, each year. *Service Industry Survey*, KOSIS.

since the second half of 2017 turned to an upward direction in February 2019 and has recently been increasing at a faster pace (95,000 persons in Q3). This is, in part, attributed to the baseline effect of the drop in the average number of employed persons in January-October 2019 (-45,000 persons). Also, such growth may be connected to the final consumption expenditures related to household food and accommodations in the National Accounts³⁾ having turned upward since Q4 2018 (up by 789 billion won), although the industry conditions have not particularly good except for the production of non-alcoholic beverage stores (Q1 11.5%, Q2 10.3%, Q3 5.5%) such as coffee shops. Also, the recent increase may reflect the steady growth in the number of foreign tourists including Chinese tourists. By worker status, the accommodations and food services industry saw an increase in the number of permanent workers (59,000 persons), self-employed without employee(s) (27,000 persons) and unpaid family workers (-11,000 persons). By establishment size, the industry witnessed a rise in employment at establishments with less than 1-5 employees from a reduction by 28,000 persons during the period of January-October 2018 to

3) Real, original series, as of 2015.

an increase by 47,000 persons during the period of January-October 2019. However, it should be noted that part-time employment⁴⁾ accounted for the majority of the increase in the industry.

The number of employed persons in the wholesale and retail trade industry (-54,000 persons) has been sluggish since 2018. While employment in permanent jobs increased steadily (88,000 persons), contingent workers (-92,000 persons), self-employed workers (-24,000 persons), and unpaid family workers (-21,000 persons) saw a decrease. Retail sales were generally poor, except in duty free shops (Q3 31.7%) and non-store retailing (Q3 16.6%), and convenience stores also maintained its downward trend (Q1 5.1%, Q2 3.8%, Q3 4.7%). Overall, the employment decline in the wholesale and retail trade industry is affected by the following factors: offline retail stores--including department stores, big and small supermarkets, and convenience stores—failing to break away from the existing downward trend; and retail sales improving mainly in duty free shops and online stores which are not likely to be big contributors to retail employment.

In 2019, there were also changes in the sub-industries of the service industry where employment volatility had been relatively small. For example, a rapid rise in employment was recently seen in arts, sports and recreation related industries (43,000 persons), and private households with employed persons (21,000 persons) to 74,000 persons and 41,000 persons, respectively, in Q3. In particular, the fact that private households with employed persons saw employment growth in 2019 is quite unusual since they had only seen decreases after 2007 (23,000 persons). Attention should be paid to growth in the two industries which may be a reflection of the heightened interest in leisure time due to adjustment of working hours and the recent rise in workers engaging in platform labor related

Table 3. Trends in the Number of Employed Persons in Various Sub-industries of the Service Sector

(Unit: thousand person, year-on-year)

	Jan.-Oct. 2017	Jan.-Oct. 2018	Jan.-Oct. 2019
Service Industries	232	46	326
Wholesale & retail trade	45	-73	-54
Transportation & storage	-26	1	17
Accommodations & Food services	6	-45	55
Information & communications	4	48	32
Finance & insurance	-11	51	-42
Real estate, renting & leasing	62	-15	29
Professional, scientific & technical activities	-8	3	57
Business facility management & business support services	-17	-58	-9
Public administration, national defense & social security administration	49	59	-35
Education Services	57	-65	38
Human health & social work	63	118	160
Arts, sports & recreation related	23	19	43
Membership organizations & other personal services	-6	13	2
Private households with employed persons	-7	-16	21

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

to personal domestic services without employment agency involvement.

8. Declining Employment in Construction

As a result of an ongoing slump in construction markets, construction orders,⁵⁾ the leading indicator of the construction market, have been sluggish since the second half of 2017 (2019 Q1 -4.2%, Q2 -2.3%, Q3 -3.9%), and the value of construction completed (constant) has also

4) An increase of 45,000 employees who worked less than 15 hours during the period of January-October 2019 based on the actual working hours for principal job; excludes workers on temporary leave.

5) Based on the total amount of recurring orders

been steadily decreasing since Q2 2018 (2019 Q1 -9.5%, Q2 -6.4%, Q3 -7.6%). Consequently, employment in the construction industry has also been slowing since peaking in the first half of 2017, and recently the slowing pace has become faster (-39,000 persons in September, -51,000 persons in October). Given the prevailing outlook for dwindling construction orders and construction investment in 2020,⁶⁾ the overall condition of the construction industry is likely to have a negative impact on employment.

III. Employment Outlook for the Second Half of 2019 and 2020

Although it was not able to completely break away from the economic slowdown, the 2019 labor market showed some improvement in terms of total volume compared to the widespread decline in 2018. The labor market shows characteristics of improvement in employment among recipient age groups of large scale funding attributing from baseline effects of last year, signs of population growth since the beginning of this year the mutual aid program “Naeil Chaeum Mutual Aid Program for Youth Employees,” and the expansion of senior jobs. In terms of industry, the service industry saw some recovery in employment growth compared with the previous year. However, in terms of the quantitative assessment of this year’s labor market, the continued slowing trend in employment among men in their 30s~50s, and employment growth mainly among part-time workers—including those working less than 15 hours a week, requiring little social insurance premiums and no payment of wages for weekly holidays—remain as limiting factors.

By sector, the dwindling shipbuilding industry, which had been a major cause of manufacturing production and

employment slowdown since 2016, has gradually been recovering. However, other major industries such as automobiles, electronic/electrical machinery have shown a slower-than-expected recovery or have not been able to recover from the slump. In particular, in electronic/electrical components manufacturing including displays, employment has been declining due to restructuring, production slowdown, and increased overseas investment under the pressure to compete with China. It is predicted that exports and production of major industries will continue to be sluggish next year.⁷⁾ In addition, Korea’s employment market is facing increasing external uncertainties including trade friction between the U.S. and China which may affect China’s future growth, Japan’s export restrictions, and restructuring of the GVC(Global Value Chain). Accordingly, it is predicted that employment in manufacturing may improve in 2020 due to the baseline effect of decreased employment in early 2019 but there is still great uncertainty in realizing the recovery.

Education services, one of the social services, continue to fluctuate year after year, and it is unlikely that large employment growth will occur unless there is a particular industrial change resulting from the baseline effect. On the other hand, in the human health and social work industry with high employment elasticity, the increasing demand arising from demographic changes and the expanded implementation of the government’s job creation project are still expected to have a positive impact on this industry’s production and employment. Against such backdrop, the social services sector can expect employment growth to some extent in 2020.

Currently, businesses that once led the growth of the wholesale and retail trade and the accommodations and food services industry since the financial crisis, including convenience stores, franchises and coffee shops are already

6) Forecasts for 2020: The Construction & Economy Research Institute of Korea: construction orders -6.8%, construction investments -2.5%; The Bank of Korea: construction investments -2.3%.

7) “Forecasts for Korea’s 13 Major Industries in 2020” by Korea Institute for Industrial Economics & Trade (December 2019).

saturated so it is difficult to expect significant growth of these traditional domestic demand service oriented industry in the recent economic slowdown. In particular, there is high uncertainty to expect an increase in overall wholesale and retail employment as the low growth trend in distribution-related businesses is protracting and the existing offline businesses shift to the online market, contributing to a slowdown in related employment.⁸⁾ As for accommodations and food services, there exist many factors that can serve as opportunities for the industry such as the increase in the percentage of single- or two-person households, the spread of consumption patterns focused on personal satisfaction, and the recovery in the number of foreign tourists.

Many economic institutions at home and abroad—Bank of Korea (2.3%), KDI (2.3%), OECD (2.3%) and IMF (2.2%)—are projecting that the economic situation will be better next year than it was this year. The Bank of Korea predicts that, amid the implementation of more expansionary fiscal policies, facility investment and exports will improve and private consumption will gradually recover after the second half of 2020.

Considering the sectoral situation as described above and the Bank of Korea's economic outlook, the number of employed persons in 2020 is expected to rise by 207,000 year-on-year, and the employment rate is forecasted to increase by 0.1%p and the unemployment rate is expected to drop by 0.1%p. This projection reflects the baseline effect of the dramatic employment growth in Q3 2019 (367,000 persons); the impact of the nation's population decline among those aged 15-64 taking its full swing and the population growth among those aged 15 or over stagnating; and recent improvements in the service industry.

In particular, the size of population decrease among those aged 15-64 is expected to be much larger than the

drop of about 60,000 persons in 2018 (about -200,000 persons based on a median value, long-term population projections); and the increase in population aged 15 or above in 2020 may also be about 100,000 persons smaller than this year (about 200,000 persons based on a median value; about 250,000 persons based on a high value, long-term population projections), both of which are likely to be a major downward factor in this projection. If the actual population coincides with the projected figure in 2020, the total volume of employment is likely to be smaller than 2019 due to demographic factors, despite the slightly better economy and improved labor market conditions. That would be in contrast with the situation in 2019, when the labor market flow itself was not good due to economic factors, but the total volume of employment was large thanks to policy responses and the baseline effect. Since demographic changes are likely to remain a limiting factor in the growth of the total volume in the future, attention should be paid not to overlook demographic factors, which may lead to misinterpreting the numbers in employment indicators.

Since economic growth in 2020 is expected to be modest, expanding budget for job creation should continue to play an important role in helping the labor market recover. According to the Ministry of Economy and Finance budget bill for 2020,⁹⁾ it was the budget for direct job creation projects that saw the largest increase (2.9241 trillion won, +846.2 billion won) among the government-funded job creation projects (25.8 trillion won, +4.5 trillion won). One of such projects is the Project for Job Creation and Social Activities Support for the Elderly, which will increase the number of jobs to receive support from 610,000 in 2019 (640,000 after the passage of supplementary budget) to 740,000 jobs which is a 130,000 increase in 2020.

Employment rates for those aged 25-29 have somewhat

8) Non-specialized retail trade in stores (-2,000 persons), retail sale of food, beverages and tobacco in specialized stores (-4,000 persons), retail sale of household electrical appliances and information and communications equipment (-7,000 persons), retail sale of textiles, clothing, footwear and leather goods (-16,000 persons) based on the 2019 regional employment survey.

9) Government bill as of August 2019.

fluctuated, but have been increasing since 2018. However, given that most of them are trying to find jobs through examinations such as civil service exams or entrance exams for large corporations, unless some favorable factors arise in the industry to stimulate recruitment of workers for quality jobs or some major changes occur in the dual structure of the labor market, it is unlikely that the timing or the size of labor market entry among youths will be significantly improved. In 2020, large-scale government-funded projects such as “Naeil Chaeum Mutual Aid Program for Youth Employees,” are expected to continue to play a crucial role.

Table 4. Outlook for Employment Indicators in 2020
(Unit: %, thousand person)

	2019			2020p		
	First Half	Second Half	Annual p	First Half	Second Half	Annual
Economic growth rate	1.9	2.1	2.0	2.2	2.3	2.3
Population aged 15 or above	44,418	44,576	44,497	44,690	44,819	44,754
Economically active population	28,067	28,243	28,155	28,272	28,438	28,355
Labor force participation rate	63.2	63.4	63.3	63.3	63.5	63.4
Employed population	26,858	27,315	27,087	27,106	27,481	27,294
(rate of increase)	0.8	1.2	1.0	0.9	0.6	0.8
(number of increase/decrease)	207	322	265	248	165	207
Unemployed population	1,209	927	1,068	1,165	958	1,062
Unemployment rate	4.3	3.3	3.8	4.1	3.4	3.7
Employment rate	60.5	61.3	60.9	60.7	61.3	61.0
Economically inactive population	16,351	16,333	16,342	16,418	16,381	16,399

Note : p indicates “projected numbers.” Economic growth rate was projected by the Bank of Korea and employment indicators were projected by KLI Center for Labor Trends Analysis.

Source : Statistics Korea, *Economically Active Population Survey*, raw data, each year; The Bank of Korea, *National Accounts*, each issue; The Bank of Korea (Nov. 2019), *Economic Outlook*.

In addition, the slowdown in employment among those in their 40s has continued from the first half of 2018 to the present. This is especially true for low-educated blue-collar workers who are vulnerable to technological developments and changes in industrial structure. Employment rates among those in their 30s and 50s are recovering only for women, while men are still struggling. Thus, policy support should be provided for generations at the center of the labor market, for example, by leveraging reduced working hours through the introduction of the 52-hour workweek system to offer technical education and training, and by strengthening the social safety net by providing unemployment benefits and unemployment assistance.

Lastly, the sluggish economy, the government’s job creation policy, and the introduction of the 52-hour workweek cap have led to a decrease in full-time work and an increase of part-time work. However, the fact that the share of part-time jobs in Korea is still below the level of OECD countries may be a combined outcome of recent changes in labor supply from increased economic activity of those in retirement age and women. Since previous changes in working time arrangements were unilateral and lacked sustainability with changes in demographics and work-life balance, it is hoped that recent changes will lead to discussions of social protection of part-time workers.