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# 2023 Labor Market Review and 2024 Outlook

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Center for Labor Trends Analysis\*

## Introduction

In 2023, Korean labor market exhibited resilience despite a possible base effect of the previous year's employment recovery, a population growth of approximately 100,000 to 150,000 persons, and this year's relatively low economic growth rate. Compared to the same period last year, the number of employed persons rose by 336,000 individuals (January-October), and as of October, the unemployment rate stood at 2.1%, and the employment rate reached 63.3%, indicating a robust performance. High employment growth was observed among women and older individuals, while employment for males in their 20s and 30s-40s experienced a slowdown. By industry, the service sector has shown the strong employment growth, while the manufacturing and construction industries has

struggled. The Korea Labor Institute (KLI) considers the following facts comprehensively for the 2024 labor market forecast: 1) the aforementioned base effect and population impact may remain weak until next year; 2) the employment growth for women and older adults may be sustained; and 3) the export-oriented economic recovery affect employment with limitations and a time lag. The 2024 labor market is projected to see an increase of 257,000 employees compared to the previous year. The annual employment rate is forecasted to be 62.9%, with an unemployment rate of 2.7%.

## I. 2023 Labor Market Overview

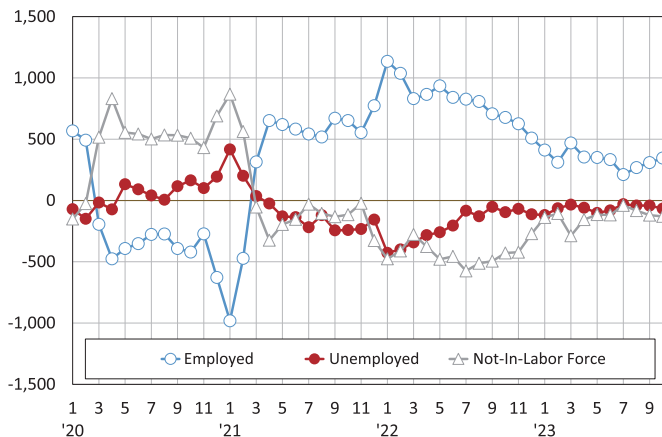
This paper evaluates the 2023 labor market and, based on that understanding, forecasts the labor market

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Figure 1. Fluctuations in Employment, Unemployment and the Not-In-Labor Force Participation

(Unit : 1,000 persons, YoY)



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

in 2024. In 2023, it is witnessed that solid labor market conditions in the first half of the year are continuing into the second half. Despite a possible base effect that may occur due to an increase in the number of employed persons of approximately 816,000 persons in 2022, a population growth of approximately 100,000 to 150,000 persons, and a relatively low economic growth rate of approximately 0.9 to 1.4%, the number of employed persons increased by 336,000 persons compared to the previous year (January-October). As of October, the unemployment rate was 2.1% and the employment rate was 63.3%, showing signs of a robust labor market. Against such a backdrop, the KLI forecasts the labor market in 2024 by comprehensively considering the following three facts: 1) the base effect and demographic change may have a limited impact on employment until next year; 2) employment growth may continue among women and senior citizens; and 3) the export-oriented economic recovery may affect employment with limitations and a time lag.

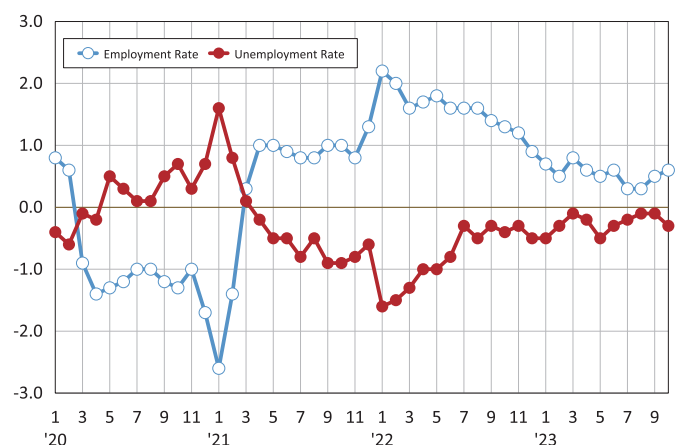
Analyzing the changes in employment indicators based on the average from January to October 2023 indicates that the number of employed persons rose by 336,000

persons compared to the same period last year, and the unemployed and the not-in-labor force participation dropped during the same period. The employment rate increased by 0.5%p compared to the same period last year, and the unemployment rate declined by 0.2%p. Until H1, the growth in the employment rate and the decline in the unemployment rate were both weakening. Since August, the employment rate has increased and the unemployment rate has decreased at a more rapid pace (See Figure 2).

This year's labor market can be characterized by an increase in female employment, employment growth among older people aged 60s and above, a slowdown in employment in the manufacturing industry, and employment recovery driven by the service industry. While employment increased regardless of gender in 2022, most of the employment growth in 2023 was led by women. This pattern has been directly and indirectly influenced by the continued employment growth in the service industry, which has a relatively high proportion of female employment, and the increased economic activity of women in their 30s. Older people aged 60s and above are the age group with the largest

Figure 2. Fluctuations in Employment and Unemployment Rate

(Unit : 1,000 persons, YoY)



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

population growth, and their employment has been steadily increasing by a large margin since even before the COVID-19 pandemic. In 2023, the rate of increase in the number of the employed elderly slightly dropped, but the spectrum of industries with growing senior employment broadened compared to the past.

Employment in the manufacturing industry declined slightly. Despite sluggish production and exports of goods, employment in the manufacturing industry did not decrease as sharply and significantly as it had during the shipbuilding industry crisis in the past.

The service sector's employment continued its recovery. Many of the face-to-face service industries, led by the accommodation and restaurants industry, are seeing a gradual drop in employment growth after showing signs of recovery. Meanwhile, employment in contactless services, including the information and communication industry and the professional science and technology service industry, is still increasing and the rate of increase is fast. Employment in transportation and storage declined after a period of rising demand for contactless services had ended, and also due to the base effect of last year's rise in employment. Employment in real estate activities, too, has been sluggish. As for the health care and social welfare service industry, the rate of increase in employment has been slowing down, but it is still the industry with the largest growth in employment among all industries.

In the following chapters, the labor market situations by sector mentioned above are discussed in more detail. Factors such as economic activity participation, unemployment rate, employment rate, as well as other employment trends are examined by age group, employment status, and industry. Lastly, this paper forecasts employment in 2024 based on an evaluation of the 2023 labor market.

## II. 2023 Labor Market Sectoral Review

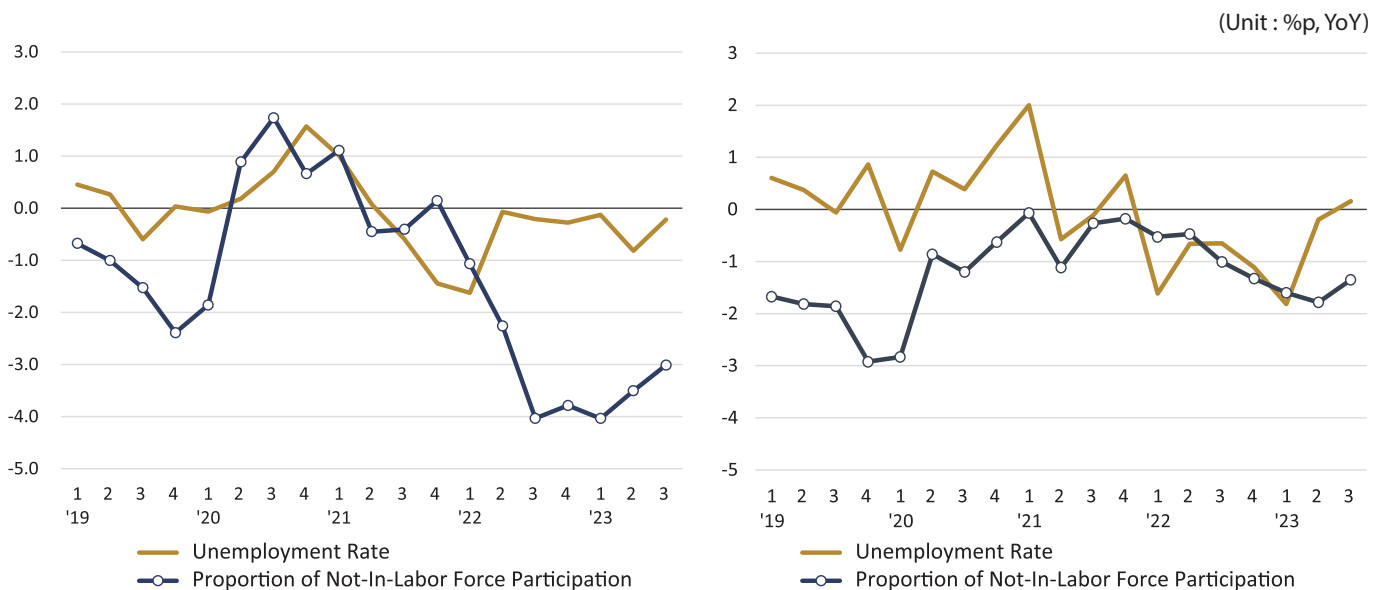
### 1. A Decrease in the Unemployment Rate of Women and the Elderly

On a quarterly basis, the unemployment rate in 2023 decreased every quarter, by 3.2% in Q1, 2.7% in Q2, and 2.3% in Q3. In the first half of the year, the unemployment rate dropped mainly among youths and those aged 60 or older. Examining the fluctuations in the share by age group compared to the same period of the previous year indicates that young people's unemployment rate turned to a decline in Q2 (-0.18%p) and continued the same trend until Q3 (-0.16%p). The unemployment rate for those aged 60 and older turned to an increasing trend in Q3 (0.09%p), but its drastic decrease in Q1 (-0.25%p) must be taken into account. Meanwhile, those in their 30s and 40s initially showed a decreasing trend, but it slowed down in Q3. Those in their 50s maintained a declining trend in the first half of the year but it turned to an increase in Q3.

In the first half of 2023, women in their 30s and the elderly saw a significant decline in their unemployment rate, and this trend was maintained throughout the second half of the year. Compared to the same period of the previous year, women's unemployment rate decreased by 0.5%p and men's by 0.2%p in the first half of the year. Women's unemployment rate in Q3 was 2.3%, a 0.2%p drop compared to the same period of the previous year, but their unemployment rate continued to be higher than that of men. During the second half of the year, the decline in women's unemployment rate was twice that of men.

Female population not in the labor force began to decrease in Q1 of 2021, after coming out of the shock from the COVID-19 pandemic, and in 2023, it was

Figure 3. Unemployment Rate of Women in Their 30s(Left) and 60s(Right) and Changes in the Proportion of a Not-In-Labor Force Participation



Note : The proportion of a not-in-labor force participation means its percentage against each group of female population.

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

lower than the level before the COVID-19 pandemic (101,000 persons in Q3).

Females in their 30s are a key group driving the decline in the unemployment rate in 2023. Although the rate of decline in their unemployment rate is not as fast as that in the not-in-labor force participation, the not-in-labor force participation continued to decrease significantly from the second half of 2021, and many of the women in their 30s are rapidly becoming economically active after finding employment through active job search activities. It is observed that the not-in-labor force participation showed a large decline starting from the first half of 2022, and the decline is narrowing in Q3 of 2023 following the first half of the year.

For women aged 60 and older, the unemployment rate dropped in the first half of the year, but as for those aged 60 to 64, the unemployment rate saw a shift in the declining trend and actually increased in Q3. The proportion of a not-in-labor force participation showed a decreasing trend until the first half of 2023, but a

slowing decline was observed in Q3.

While analyzing the factors contributing to the decline in unemployment in 2023, it was observed that the decrease in the number of unemployed persons with work experience has been slowing down since the second half of 2022. It dropped by 28,000 persons in Q1 of 2023, followed by 6,000 persons in Q3, compared to the same period of the previous year. Meanwhile, the decline in the not-in-labor force participation not engaged in job search narrowed in the second half of 2022 (-109,000 persons) and turned to an increase in Q1 of 2023 (+88,000 persons). However, the upward trend continued to slow in Q3 (+16,000 persons) following Q2.

Next, the trend in the number of unemployed persons is examined according to the cause of unemployment. The number of those who left their jobs due to personal reasons showed an increase in the first half of 2023, but turned to a decrease in Q3. In the case of the unemployed due to working conditions, their number turned to a decrease in Q2, but the size of

decrease was reduced in Q3. The rate of decline in the number of unemployed persons due to involuntary causes decreased in the first half of 2023, but in Q3, the number of those who became unemployed owing to business conditions shifted to an increase, and the number of those who lost their jobs due to termination of temporary or seasonal work showed a downward trend again.

During the first half of 2023, the extended unemployment rate dropped by 2.1%p, followed by 1.3%p in the second half of the year, with the rate of decrease slowing down. This is attributed to the fact that the decline in the potential labor force, which led to the drop in the unemployment rate in the first half of 2023, was reduced in the second half of the year. The number of time-related underemployed showed a significant decline (-0.8%p) in 2022, but the size of decline shrank (-0.5%p) in the first half of 2023, and the trend is being maintained in the second half of the year.

The decline in the extended unemployment rate of those aged in their 20s, which was sizeable at 4.2%p in 2022, narrowed to 2.6%p in the first half of 2023 and remains at a similar level of 2.4%p in the second half of the year. This is because the number of time-related underemployed shifted to an increasing trend in the first half of 2023 and continued to increase slightly in the second half of the year. Meanwhile, for the 30-59 age group, the decrease in the extended unemployment rate, which stood at 2.1%p in 2022, was reduced to 1.5%p in the first half of 2023, and further to 1.0%p in the second half of the year.

The not-in-labor force participation as a whole decreased by 154,000 persons in the first half of 2023 compared to the previous year, and by 81,000 persons in Q3. Among them, the number of males increased by 81,000 persons in the first half of the year, and the

increase expanded to 110,000 persons in Q3. On the other hand, female population not in the labor force showed a large decline, decreasing by 235,000 persons in the first half of 2023. In Q3, the size of decline shrank to 191,000 persons but the declining trend continued throughout 2023. In the first half of 2023, there was an increase in the number of men engaged in childcare/ housework, commuting to school, and taking time off, contributing to a slowdown in the rising trend in Q3. As for women, there was a significant drop in the number of those who could not work due to childcare/ housework, job preparation, and old age in the first half of 2023, and the declining trend continued in Q3. During the same period, the growing trend among women who just took time off slowed down. In fact, the increase in men who were not in the labor force for the reason of taking time off was twice that of women.

Among the not-in-labor force participation, the number of those who gave up seeking employment decreased by 118,000 persons in the first half of 2023, but the size of decrease went down in Q2 and maintained the same pattern in Q3. For both men and women, there was a decrease of 61,000 persons and 58,000 persons, respectively in the first half of 2023. In Q3, the decreasing trend slowed down for men (-12,000 persons), but was maintained for women (-42,000 persons).

The number persons not in the labor force who reported that they just took time off mainly increased among those in their 20s and over 60 years of age. As for those in their 20s, such respondents increased by 20,000 persons in the first half of 2023, compared to the same period of the previous year, and rose by 19,000 persons in Q3, reflecting a slight slowdown in the recent increase. In the first half of 2023, the number of people in their 20s who did not want a job went up by 51,000

persons, and those who wanted a job decreased by 15,000 persons. In Q3, the two groups saw a slowdown in their fluctuation, with an increase of 41,000 persons and a decrease of 6,000 persons, respectively.

Among the not-in-labor force participation aged 60 or older, those who just took time off rose by 108,000 persons in the first half of the year, but the increase slowed to 28,000 persons in Q3. Since the fluctuations in the number of respondents citing “taking time off” and “old age” are showing opposite trends, and older people’s “taking time off” can be seen to have resulted from old age, it is necessary to examine the changing patterns among older people more closely.

## **2. Employment Trends by Age : Sluggish among 20s, Strong among Women in Their 30s, Favorable among People Aged over 60**

As the aging phenomenon progresses rapidly, the number of people aged 60 and above is increasing significantly. With a considerable portion of this age group’s population growth contributing to a rise in employment, the absolute level of the employment rate is steadily increasing. As for those in their 30s, the number of employed persons rose while the population dropped, leading to a substantial increase in the employment rate compared to other age groups. Meanwhile, the employment rate of young people has turned to a decrease but it is necessary to take into account the base effect, in which quantitative indicators of youth employment improved significantly from 2021.

This chapter now takes a closer look at employment trends by age group. In 2022, the population in their 20s decreased by 130,000 persons, but the number of employed persons went up significantly. In 2023, the population dropped by about 190,000 persons, while the

number of employed persons in their 20s decreased by about 90,000 persons based on the average from January to October. The overall employment rate for the 20s age group shifted to a decrease in July, but has turned to an upward trend since August. The employment rate of the early 20s age group has declined slightly, and that of the late 20s age group has kept fluctuating around the level of 1.0%p increase.

Next, the fluctuations in employment growth by industry are examined for the early 20s age group and the late 20s age group. In the wholesale and retail businesses, the number of employed persons decreased overall across all age groups, including young people. On the other hand, in the accommodation and restaurants industry, the number of employed persons rose both among those in their early 20s and those in their late 20s.

In the early 20s age group, employment continued to decline in the health care and social welfare service industry, which includes nursing personnel. On the other hand, employment in the arts, sports, and recreation related service industry steadily increased. In the late 20s age group, employment is increasing in the information and communication industry, and the professional science and technology service industry. Employment is still declining in the manufacturing industry.

In further examining the employment of those in their early 20s, it is appropriate to look at the employment changes by graduation status in order to remove as much as possible the influence of current students’ job experience (part-time work, etc.). A high proportion of employed youths who are currently students are likely to be employed in the domestic consumer services industry, where part-time employment is easy to obtain. Accordingly, overall employment trends in



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

		Jan-Oct Avg.		
		2021	2022	2023
Aged 15~29	Population	-138	-201	-178
	Employed	94	146	-103
	Unemployed	-1.0	-1.6	-0.6
	Employment Rate	1.7	2.7	-0.2
30s Cohort	Population	-147	-128	-79
	Employed	-121	45	50
	Unemployed	-0.1	-0.6	-0.2
	Employment Rate	-0.1	2.0	1.6
40s Cohort	Population	-71	-76	-118
	Employed	-41	10	-56
	Unemployed	-0.1	-0.4	-0.1
	Employment Rate	0.2	0.8	0.4
50s Cohort	Population	-8	35	7
	Employed	42	216	64
	Unemployed	-0.3	-1.0	0.0
	Employment Rate	0.6	2.2	0.7
60 and Older	Population	659	560	511
	Employed	334	450	382
	Unemployed	0.2	-1.0	-0.4
	Employment Rate	0.4	1.6	1.1

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

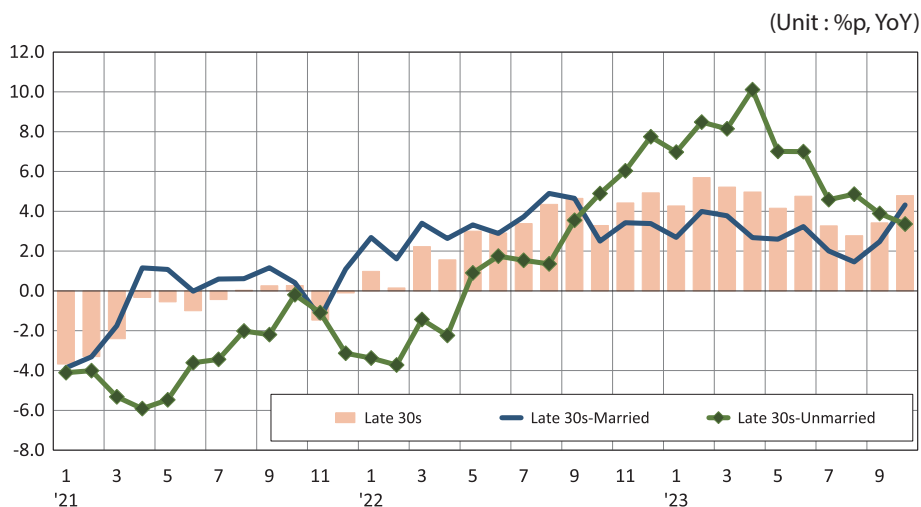
the accommodation and restaurants industry and the wholesale and retail businesses are reflected directly on current students who are in their early 20s. In the former industry, the number of employed people increases throughout the year of 2023, but the rate of increase is slowing, and in the latter industry, the number of employed people decreases throughout the year, but the rate of decrease is going down. Among young people who complete their final education in their early 20s, junior college graduates and female graduates take up a sizeable portion. For this reason, there was a large fluctuation in employment in the health care and social welfare service industry, including the nursing personnel. The effect of a huge increase in the number of employed persons in 2022 led to an opposite effect in 2023.

Because the late 20s age group includes graduates with various levels of education, it is appropriate to examine employment indicators by educational level. The employment rate of junior college graduates and college graduates declined in Q1 but turned to an increase in Q2. Conversely, the employment rate of those with a high school diploma or lower rose in Q1 and shifted to a decrease in Q2. In particular, employment of people in their late 20s with a high school diploma or lower has recently slowed in the wholesale and retail businesses, the accommodation and restaurants industry, and transportation and storage.

In the 30s age group, the employment rate increased mainly among women. In particular, in the late 30s age group, the number of employed women rose while the population was decreasing so the employment rate went up by an average of 4.3%p during the period of January to October compared to the same period of the previous year. By marital status, which acts as a major variable in the economic activity of women in their 30s, the employment rate increased for both married women and unmarried women, and in particular, the employment rate for unmarried women in their late 30s increased significantly. Changes in the economic participation rate of women in their 30s are also characteristic. The average economic participation rate of unmarried women in their late 30s was 80.2% from January to October, an increase of 5.7%p compared to the same period of the previous year. The economic participation rate of married women in their late 30s is also steadily increasing.

The number of employed persons in their 40s dropped but the population decreased even more significantly so the employment rate went up slightly. The employment rate increased for women, but declined for men. The decline in male employment is pronounced among those

Figure 4. Fluctuations in Employment Rate of Women in Their Late 30s (35-39 years) by Marital Status



Note: Among the variables indicating marital status, 'single,' 'widowed,' and 'divorced' were classified as unmarried, and 'having a spouse' was classified as married.

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

in the late 40s age group where the population decline is large, and the number of employed persons is dropping evenly among industries with a high proportion of male employees in their late 40s, such as the manufacturing industry, the construction industry, and the wholesale and retail businesses.

The employment situation of the 50s age group is similar to that of the 30s age group by gender, and is changing similarly to that of older people in their 60s by industry. The employment rate for men has barely increased, while the employment rate for women has increased relatively significantly. Among women in their 50s, the number of those employed in the social welfare service industry has increased due to care-related employment growth, and employment in the wholesale and retail businesses, which have a high proportion of female employees in their 50s, has also steadily increased. Such employment growth in both industries is similarly seen among older women aged 60s and above.

Over the past few years, the increase of employed

persons aged 60 and above was mainly driven by the employment growth in temporary jobs in public administration and the health and social welfare service industry for those over 65 years old, revealing that the influence of direct job creation projects accounts for a significant portion of employment changes in this age group. This year, as the impact of such projects is somewhat reduced, the number of employed persons has increased in various industries. In the early 60s age group, employment increased in wholesale and retail businesses and business facilities management; and in the late 60s age group, employment grew in the health care and social welfare service industry, the accommodation and restaurants industry, transportation and storage, the manufacturing industry, as well as agriculture, forestry and fisheries. In particular, the proportion of temporary workers aged 65 and above decreased in industries related to direct job creation projects such as the health care and social welfare service industry and public administration, and increased in industries that are considered to be



of the private sector such as the accommodation and restaurants industry, the manufacturing industry, and transportation and storage. As older people's economic activities become more diversified, employment growth appears to be gradually expanding to the private sector.

### 3. Employment Trends by Employment Status : Strong among Full-Time Workers, and Weak among Temporary Workers and Day Laborers

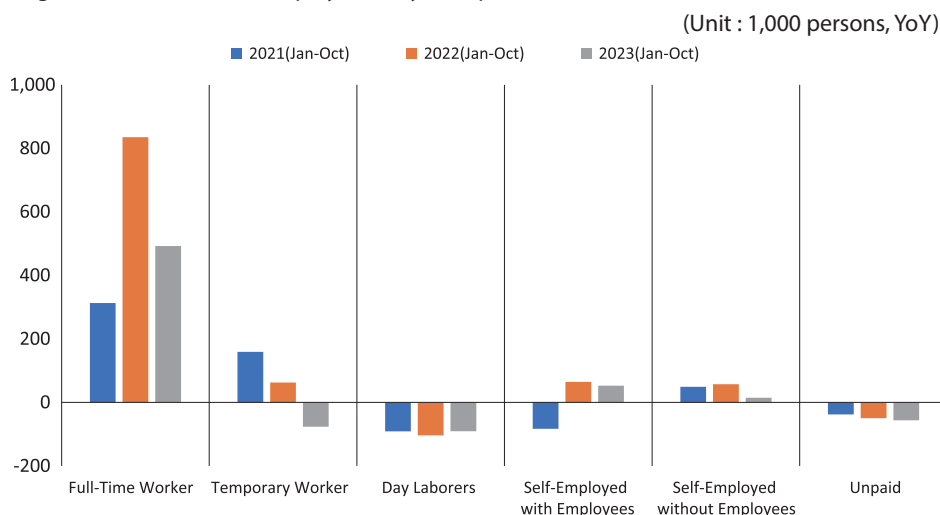
Based on the number of employed persons, most of the fluctuations in employment are led by full-time workers. Compared to full-time workers, the fluctuations of the other employment statuses are very small and insignificant to affect the overall employment. Although not as much as in the same period of the previous year, the number of full-time workers rose considerably in 2023. Based on the seasonally adjusted series, this was about a 10% increase from the level of full-time workers before the spread of COVID-19. As for the other employment statuses, they have not recovered to the level of employment in February 2020, when the spread of COVID-19 began, or have not

shown meaningful employment growth since.

The industries with the largest increase in the number of full-time workers are the health care and social welfare service industries. The number of full-time workers in the information and communication industry and the professional science and technology service industry has also been increasing for three consecutive years. The accommodation and restaurants industry too has seen an increase, continuing from the previous year. Even in the wholesale and retail businesses, where business conditions are unfavorable, the number of full-time workers has increased. In the manufacturing industry, the margin of increase in the number of full-time workers has narrowed somewhat.

The number of temporary workers is still decreasing after turning to a decline in Q3 2022. This is most likely due to the slowdown in the growth of temporary workers aged 65 and above working in the health care and social welfare service industry and public administration. The number of temporary workers also dropped in the construction industry due to the downturn of the industry. While the number of full-time workers in the wholesale and retail businesses

Figure 5. Fluctuations in Employment by Occupational Status



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

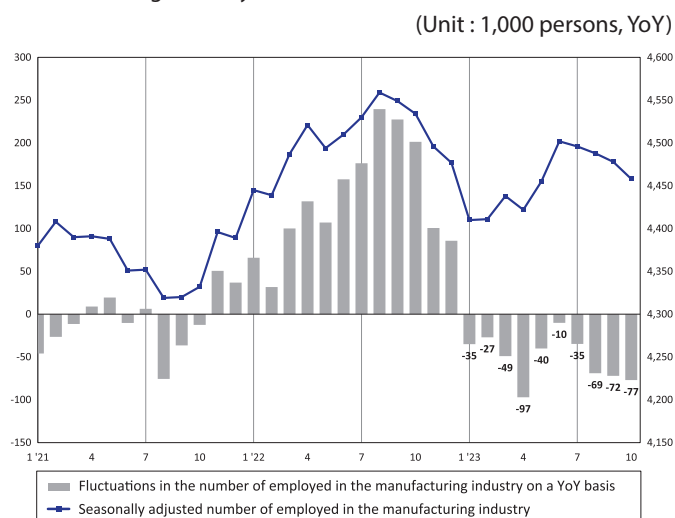
increased, that of temporary workers decreased. On the other hand, there was a rise in the number of temporary workers in the accommodation and restaurants industry and the arts, sports, and recreation related service industry, where employment recovery trends were fully evident. Day Laborers are mostly employed in the construction industry and the manufacturing industry, but their number has decreased in these industries.

Based on the average from January to October 2023, the number of employers and the self-employed are increasing compared to the same period of the previous year, but the size of increase is small. However, while the number of the self-employed with employees is showing a steady increase, that of the self-employed without employees has recently begun to decrease. It is also noteworthy that there was a decrease in self-employment in the wholesale and retail businesses and real estate activities, and a slowdown in the growth rate of self-employment in agriculture, forestry and fisheries, which typically have a high proportion of self-employment.

#### 4. Employment in the Manufacturing Industry Continues to be Sluggish

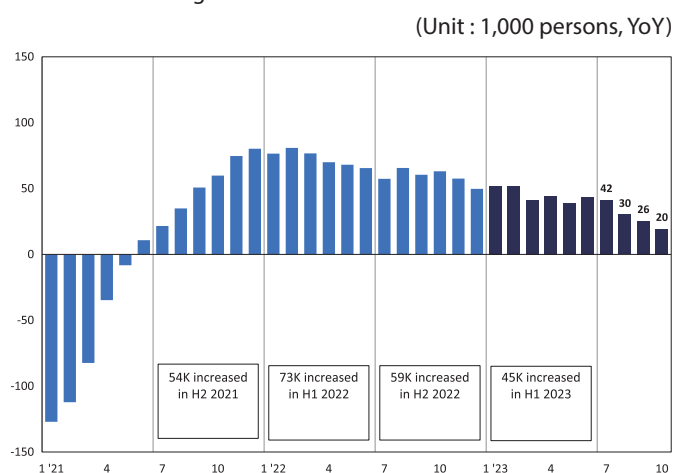
The number of employed persons in the manufacturing industry decreased by 51,000 persons on average from January to October 2023 compared to the same period of the previous year. On a quarterly basis, employment in the manufacturing industry decreased by 37,000 persons in Q1, 49,000 persons in Q2, and 59,000 persons in Q3, showing a gradual expansion in the decline in employment. On a year-over-year basis, the seasonally adjusted number of employed persons in the manufacturing industry decreased every month since the beginning of the second half of the year (See Figure 6). The number of workers in business establishments also

Figure 6. Fluctuations in the Number of Employed in the Manufacturing Industry



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

Figure 7. Fluctuations in the Number of Workers Employed in Manufacturing Business Establishments



Source : Ministry of Employment and Labor, 「Workplace Labor Force Survey」.

saw a smaller growth this year. The number of workers in business establishments increased by 66,000 persons in 2022 compared to the previous year, but went up by 45,000 persons in the first half of this year compared to the same period of the previous year, and by 29,000 persons during the period between July and October (See Figure 7).

[Figure 8] shows the fluctuations in the number of the insured under employment insurance in the

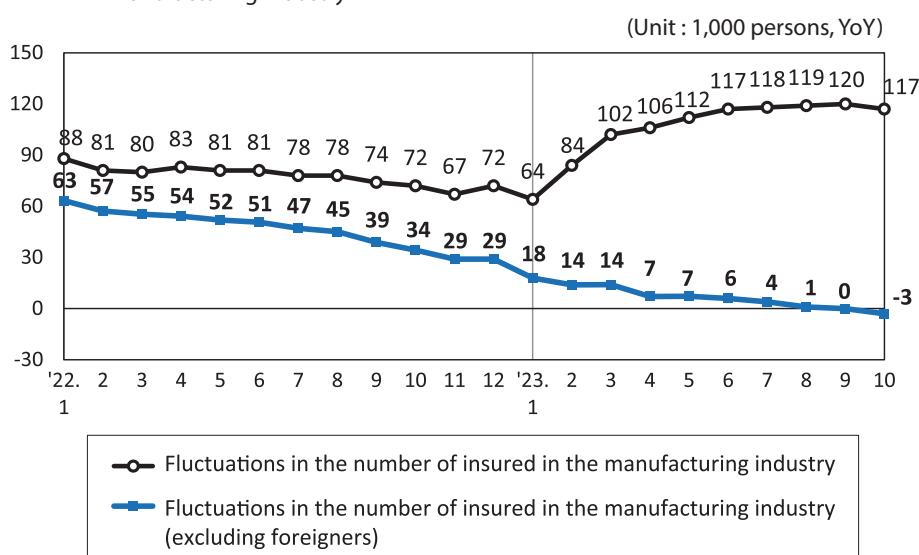
manufacturing industry. The number of the insured showed an increasing trend this year. This is attributed to the rise in the number of foreign insured persons due to the fact that foreign workers are now required to join employment insurance under the Employment Permit System, and that the recruitment of foreign workers has increased due to the expansion of foreign manpower. [Figure 8] shows the fluctuations in the number of the insured excluding foreigners in the manufacturing industry, and the growth rate of the insured excluding foreign workers in the manufacturing industry continues to slow.

Next, the manufacturing industry is analyzed further by dividing it into sub-industries. The business conditions for the manufacturing of electronic components, computers, visual, sounding and communication equipment were not good. In particular, the semiconductor manufacturing industry was sluggish, and its exports also decreased. Compared to the same period of the previous year, the semiconductor manufacturing production index decreased by 33.8% in Q1 of 2023, followed by another decrease by 18.6%

in Q2, and shifted to an increase in Q3. Semiconductor exports continued to decline significantly throughout the year, with a decrease of 40.0% in Q1, 34.8% in Q2, and 22.6% in Q3. This year, the industry slump in the manufacturing of electronic components, computers, visual, sounding and communication equipment, mainly semiconductors, was quite severe, but employment fluctuations were not significant. Although growth in both the number of workers in business establishments and the number of the insured slowed, there was no considerable decline in employment. The number of workers in business establishments began to decrease on a year-over-year basis in the second half of the year, but the size of decrease was not large (an average decrease of about 7,000 persons from July to October). The number of the insured under employment insurance also maintained an increase every month on a year-over-year basis, though by a single digit margin.

On the other hand, in the automobile manufacturing industry, both economic and export-related indicators were good in 2023. After the normalization of production, standby demand was realized, and exports

Figure 8. Fluctuations in the Number of Insured under Employment Insurance in the Manufacturing Industry



Source : Korea Employment Information Service (KEIS), 「Statistics on Employment Administration」, EIS.

continued to boom as overseas demand for high value-added vehicles such as SUVs and eco-friendly cars of domestic brands continued to increase. Automobile exports increased 27.9% in Q1, 33.8% in Q2, and 12.2% in Q3, compared to the same period of the previous year. Due to the favorable industry conditions, employment continued to increase. The number of workers in automobile manufacturing business establishments turned to an increase early this year after about three years of decline, and has shown a trend of gradual rise every month since then. The number of the insured under employment insurance also went up in the second half of this year.

Analyzing other sub-industries such as the manufacturing of machinery and equipment, the manufacturing of fabricated metal products, the manufacturing of rubber and plastic products, the manufacturing of other transport equipment, and the manufacturing of food products, etc. requires careful interpretation of employment situations. This is because many foreign workers are distributed in these industries. Since the Workplace Labor Force Survey examines the number of employees in business establishments without distinguishing between Koreans and foreigners, employment fluctuations by industry are a mixture of those due to changes in employment of Korean workers and those due to changes in employment of foreign workers. Accordingly, there may be cases where the scale and direction of change in the number of workers in business establishments do not match the scale and direction of change in the number of Korean workers. As for the insured data, it is largely influenced by not only the rise in new hiring due to the expansion of foreign manpower, but also the subscription of foreign workers who had not previously been insured under employment insurance, so there may be large

fluctuations in employment. In sub-industries with a large proportion of foreign workers, foreign employment changes account for a big part of the fluctuations in overall employment, and there can be a huge data gap in employment fluctuations, so it is important to carefully check the actual employment situations.

In 2023, a slowdown in employment was observed in the manufacturing industry. However, given the base effect of increased employment in 2022 and the sluggish industry situation this year, the slowdown in manufacturing employment appears to have been gradual. It is believed that the following factors partially alleviated the decline in employment in the manufacturing industry: 1) Although the industry slump worsened in the manufacturing of electronic components, computers, visual, sounding and communication equipment, there was no significant decline in employment; 2) Most of the sub-industries of the manufacturing industry had sluggish business conditions, but employment increased in automobile manufacturing due to the favorable industry situation; and 3) The upward employment trend continued in the pharmaceutical manufacturing industry.

## **5. Strong Construction Business Indicators but Weak Construction Employment**

In 2023, employment in the construction industry continued to be sluggish. The number of employed persons dropped by an average of 21,000 persons from January to October compared to the same period of the previous year. Considering that the number of the employed in the construction industry rose by 84,000 persons and 39,000 persons in the same period in 2021 and 2022, respectively, the employment situation in the construction industry this year differs from the trend

of the past two years. Other employment indicators also reflect sluggish employment in the construction industry in 2023. The number of workers in business establishments turned to a decline this year, and the rate of increase in the number of the insured under employment insurance also gradually slowed, with the trend finally shifting to a decline on a year-over-year basis during September and October.

It is noteworthy that this year's sluggish employment situation in the construction industry is in contrast to construction business indicators such as the value of construction completed and construction investment, which maintained robust trends throughout the year. The value of construction completed increased by 11.5% in Q1, 8.9% in Q2, and 11.9% in Q3; and construction investment, which had declined for nine consecutive quarters, began to increase from Q1 of this year. This year's slump in employment in the construction industry was largely due to a decrease in the number of newly hired workers. When construction employees are classified by the number of years worked, the number of full-time workers who have worked more than 3 years steadily increased, but the number of newly employed workers (with a working period of less than 2 months) decreased every month. The number of newly hired temporary workers and day laborers in the construction industry declined by an average of about 58,000 persons from January to October 2023.

## **6. Continued Recovery in Traditional Face-to-Face Services**

The average number of service industry employees from January to October 2023 increased by 423,000 persons compared to the same period of the previous year. Although it has slowed compared to the growth

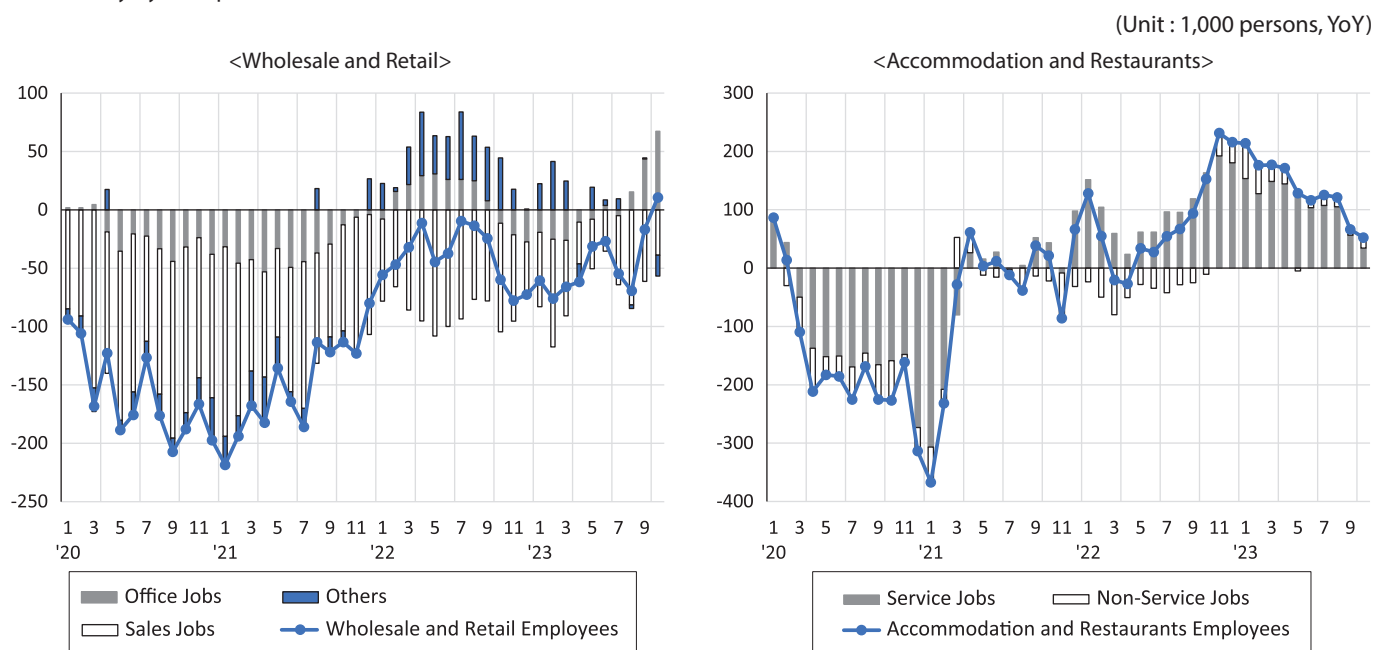
rate in 2022 (+612,000 persons), employment recovery continues after COVID-19 centering on the service industry. In 2023, the number of employed women rose by an average of 297,000 persons from January to October. It is noteworthy that the number of employed women mainly increased in the education, health care and social welfare service industries in 2022, while in 2023, it is increasing in various industries, including the wholesale and retail businesses and the accommodation and restaurants industry.

The wholesale and retail businesses, which had been experiencing a long-term decline in employment, saw a decrease by an average of 45,000 persons from January to October 2023. However, the number of full-time workers increased (+40,000 persons), and has recently shifted to an increase in the number of employed persons. By age group, generational differences are occurring, with the number of employed people over 50 years going up and the number of employed people in their 20s declining. By occupation, the number of employees in sales jobs continues to drop, but the number of employees in office jobs is increasing.

The number of employed persons in the accommodation and restaurants industry increased by 1.35 million on average from January to October 2023 compared to the same period of the previous year. After 2020-2021, when the number of employed persons dropped drastically due to the spread of COVID-19, the 2022-2023 employment has been recovering. Employment has recovered to the pre-COVID-19 level, and the rate of increase in employment has recently been slowing, especially among young people and those in service jobs.

The transportation and storage industry began to see a decline in employment from November 2022, recording a decrease of 18,000 persons in 2023. However, such

Figure 9. Fluctuations in the Number of Employed in the Wholesale and Retail Industry and the Accommodation and Restaurants Industry by Occupation



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

a trend in employment did not prolong, and starting from the second half of 2023, the number of employed persons increased, especially among full-time workers.

## 7. Continued Employment Growth in Contactless Services Industry

Employment in contactless services, including the information and communication industry, financial and insurance activities, and the professional science and technology service industry, increased by 126,000 persons on average from January to October 2023 compared to the same period of the previous year, slightly lower than the increase of the previous year (+193,000 persons). In the information and communication industry, the average number of employed persons went up by 54,000 persons from January to October 2023. From the second half of 2021 to the first half of 2022, the number of employed persons increased by more than 80,000 on a year-

over-year basis, and the number of the insured under employment insurance also jumped by more than 50,000, but the rate of increase has been slowing since BSI(Business Survey Index) began to decline. Real estate activities saw a decrease in the number of employed persons by an average of 16,000 persons from January to October, and with the recent real estate market downturn, employment has been decreasing, especially among temporary workers such as real estate brokerage assistants.

The number of employed persons in financial and insurance activities went up by 9,000 persons on average from January to October compared to the same period of the previous year. Considering the drop of approximately 27,000 persons in 2022, employment can be seen to have increased somewhat. The fluctuations in employment keep changing in financial and insurance activities, with the number of employed persons decreasing in 2020 and 2022 and increasing in 2021 and 2023.

The professional science and technology service



industry is an industry in which employment has been steadily increasing since 2021. The number of employed persons rose by 70,000 persons from January to October 2023 compared to the same period of the previous year, at a level similar to the increase during the same period in 2022 (74,000 persons).

Table 2. Fluctuations in the Number of Employed in Service Industry by Sub-Industry

(Unit : 1,000 persons, YoY)

	Total			Female	Full-Time
	Jan-Oct 2021	Jan-Oct 2022	Jan-Oct 2023	Jan-Oct 2023	Jan-Oct 2023
Wholesale and Retail Businesses	-160	-34	-45	33	40
Transportation and Storage	97	86	-19	-18	1
Accommodation and Restaurants	-54	57	135	57	77
Contactless Services	172	193	126	42	80
Social Welfare Services	272	322	180	144	224
Service Industry Total	221	612	423	297	468

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

## 8. Weakening Employment in the Social Services Sector

Unlike face-to-face or contactless services, employment in public administration, the education industry, and the health care and social welfare service industry appears to have slowed in 2023. Although the number of employed persons increased by an average of 180,000 persons from January to October 2023 compared to the same period of the previous year, it can be seen as a considerable slowdown compared to the increase of 272,000 persons in 2021 and 322,000 persons in 2022.

The education industry saw an increase of 2,000 persons on average from January to October 2023,

reflecting a significant drop in the size of increase and an overall declining trend in employment in the long term. The number of the insured under employment insurance has also been decreasing recently. Employment in the private education market such as tutoring academies also appears to be decreasing.

In public administration, the number of employed persons continued to increase by about 50,000 persons annually from 2020, but in 2023, the number increased by 24,000 persons, slowing down by nearly half. In 2020 and the first half of 2021, employment increased mainly among simple laborers, but since the second half of 2021, those employed in management and office jobs have accounted for most of the increase rather than simple laborers.

Employment in the health care and social welfare service industry slowed somewhat compared to 2022, with an average increase of 154,000 persons from

Table 3. Fluctuations in Employment in the Health Care and Social Welfare Service Industry

(Unit : 1,000 persons, YoY)

		Jan-Oct 2021	Jan-Oct 2022	Jan-Oct 2023
Health Care and Social Welfare Service		192	183	154
Age	Aged 15-29	-21	57	-15
	Aged 30-59	72	55	88
	60 and Older	141	70	81
Gender	Male	29	33	25
	Female	164	150	129
Occupations	White Collar	34	103	91
	Service	47	38	55
	Blue Collar	113	42	9
Length of Service	Under 1 Year	104	111	-10
	Over 1 Year	93	68	166

Note : White Collar Workers = Managers + Professionals + Office Workers;

Blue Collar Workers = Technical Workers + Plant and Machine Operators and Assemblers + Simple Laborers

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

January to October 2023 compared to the same period of the previous year. In 2022, the proportion of youths among the total increase in employment was high, but it decreased in 2023, and the proportion of older people went up compared to the previous year. Meanwhile, the proportion of simple laborers among the total increase in employment dropped, and that of white collar workers and service workers increased. This appears to be due to a decrease in the percentage of public interest jobs created by the government's job creation projects for the elderly, which previously accounted for a major portion of employment for older people, and also an increase in the percentage of social service type jobs.

### III. Employment Outlook for 2024

The following points are considered in presenting the 2024 outlook: First, closely examining the labor market until October 2023 shows a possibility that labor market conditions, which were stronger than projected, will last longer than expected. From the end of 2022, it was discussed that there would be a period of employment adjustment given the base effect due to last year's large increase in the number of employed persons (an increase of 816,000 persons per year) and population growth among those aged 15 and older of approximately 100,000 to 150,000 persons. However, based on the strong labor market conditions observed until October of 2023, the possibility that the timing of employment adjustment may occur later than previously discussed is now considered more realistic than before.

Second, the growing trend in employment among

women and older people, which was strong throughout 2023, is expected to continue in 2024. In particular, women in their 30s may not only be impacted by economic situations, but also be influenced significantly by structural factors related to family formation as shown in Kim Ji-yeon (2023) which observed that the percentage of women with children is decreasing along with employment growth. As for the employment of the elderly, it was also determined that structural factors could be significant when considering employment status of older people and changes in population structure. Employment of men in their 20s and 30s-40s was difficult this year, and it was judged that these age groups may be relatively more closely related to the economy.

Third, the projected economic recovery next year may have a positive effect on employment, but its scale may be limited and there may be a time lag. According to the recently announced economic outlook by the Bank of Korea and the KDI, the economic growth rate in 2024 is expected to be 2.2-2.3% in the first half of the year, and 2.0% in the second half, with an annual growth rate of 2.1-2.2%. This means that the economy is likely to do better compared to this year.<sup>1)</sup> Both organizations predict an export-oriented economic recovery in each sector, and that private consumption is projected to be similar to 2023. Since the overall relationship between the economy and employment has recently become weaker than before, determining which sector economic recovery will occur in may be more important for employment prospects. In the August issue of Monthly Labor Review, the relationship between sectoral economic conditions and employment was discussed as one of the reasons that a large increase in the number of

1) 2023 Economic Growth Rate: 0.9% in Q1, 0.9% in Q2 and 1.4% in Q3. As for the 2024 economic growth rate, the Bank of Korea announced an annual growth of 2.1%, with 2.2% in the first half of the year and 2.0% in the second half of the year, and the KDI announced an annual growth of 2.2% with 2.3% in the first half of the year and 2.0% in the second half of the year.

employed persons was possible despite the economic growth rate being low at 0.9% in the first half of the year. In the first half of this year, the manufacturing industry and export sectors were not doing well economically, while the private consumption and the service industry were relatively good. Analyzing the correlation between these indicators, the relationship between the economy and employment is weak for the manufacturing industry and exports, and there is a time lag for the economy to affect employment, while the economy and employment are closer and go hand in hand for private consumption and the service industry. If this could be one of the factors that caused the number of employed persons to increase by more than 300,000 persons despite the low economic growth rate of 0.9% in the first half of the year, similarly, employment growth due to economic recovery next year may also be limited in scale and have a time lag. It appears that the positive effect of the economic recovery process on employment may be relatively more important for young people in their 20s and men in their 30s-40s.<sup>2)</sup>

In 2024, the number of employed persons is expected to increase by 257,000 persons per year to a total of 28,674,000 persons, with an increase of 250,000 persons compared to the same period of the previous year to reach 28,480,000 persons in the first half of 2024, followed by a rise of 263,000 persons to reach 28,868,000 persons in the second half of the year. The unemployment rate is expected to be 2.7% per year,

with 2.9% in the first half of 2024 and 2.4% in the second half of 2024. The employment rate is projected to be 62.9% per year, with 62.6% in the first half of 2024 and 63.3% in the second half of 2024.

Despite the above outlook, it is important to prepare for the possibility that the labor market may contract faster than expected due to unexpected external economic uncertainties. Second, as the economy recovers next year, policy attention is needed to ensure that the employment of youths in their 20s and men in their 30s-40s, whose employment situation was relatively difficult this year, can recover quickly. Third, policy efforts are needed to maintain the increasing trend of women's employment rate and economic activity participation rate and to enable any willing economic agents to form families through childbirth more smoothly.

Table 4. 2024 Employment Outlook

(Unit : %, 1,000 persons)

	2023			2024*		
	H1	H2*	Full-Year*	H1	H2	Full-Year
Employed Population	28,230	28,605	28,417	28,480	28,868	28,674
(Rate of Increase)	1.3	1.0	1.2	0.9	0.9	0.9
(Increase/Decrease)	372	284	328	<b>250</b>	<b>263</b>	<b>257</b>
Unemployment Rate	3.0	2.4	2.7	2.9	2.4	2.7
Employment Rate	62.2	62.9	62.6	62.6	63.3	62.9

Note: \* represents projections.

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

2) Since the relationship between economic conditions and employment in each sector described above can change with time and other factors can play a complex role, so careful interpretation is necessary and the relationship is continuously reviewed and verified by the KLI.