

Employment and Labor

Labor refers to any work performed by humans, including all operations in the manufacturing and service industries that generate employment. The analysis of employment will reveal information about human resources and the statuses of labor market activities. It is important to monitor the growth and decline of the labor market, which have a direct impact on household income.

The Korean economy after the Korean War can be characterized by industrialization, service economization, globalization, and knowledge based-informatization. Until the 1960s, the Korean economic structure was classified as a typical third-world economy that was largely based on its primary industrial sector. Since then, with strong government initiatives to industrialize the country, the manufacturing sector grew rapidly and provided more jobs to young and middle-aged employees. Although the fast growth of the manufacturing industry slowed down after it reached its peak in the 1990s, the service industry experienced steady growth and the Korean economy eventually became mostly service-oriented. Subsequently, there have been a few employment changes made in the labor market following the change from manufacturing

to service industry. As there was more demand for an intellectual labor force than a physical labor force, the demand for higher education in employment increased. While domestic workers were avoiding physical labor in manufacturing jobs, more foreign workers were finding jobs in the manufacturing sector. Increased jobs in the service sector resulted in more female employees who now participate in economic activities, especially as more women obtained higher education. The rate of female employment has increased in professional, technical, and management positions. During the 1990s, Korea's active participation in globalization, advanced communication skills, and faster flow of information coupled with knowledge all combined to gain new growth motivations that accelerated the rate of higher education among employees.

The average age of employees has increased since 1983 when the crude birth rate, which remains low, fell below 2.1. A higher unemployment rate for young workers became a social issue. In recent years the employment prospects have become more pessimistic as investors' confidence has shrunk due to the

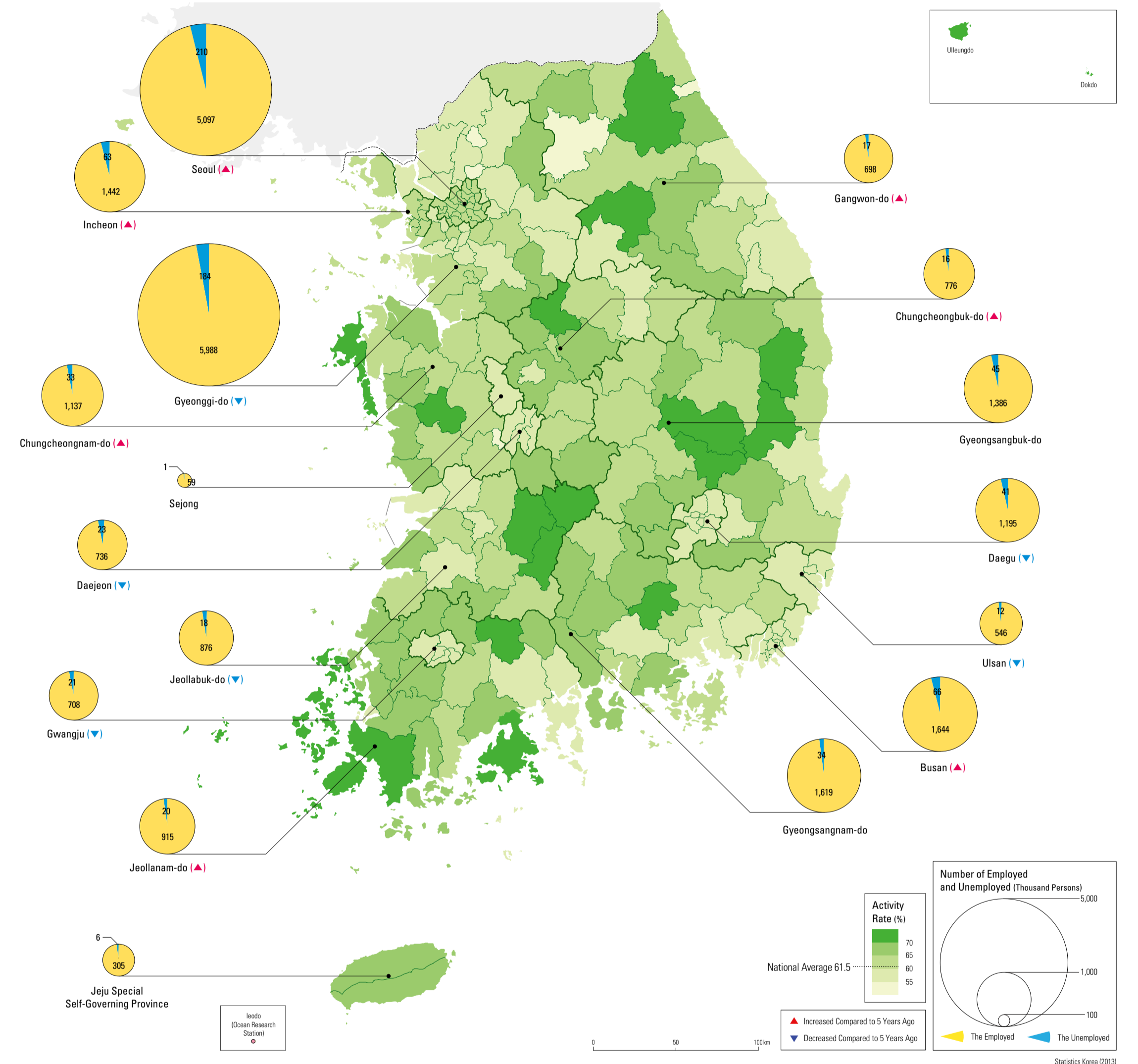


worldwide economic crisis and its aftermath and the consequential slow rate of economic growth. The Korean government has tried multi-faceted

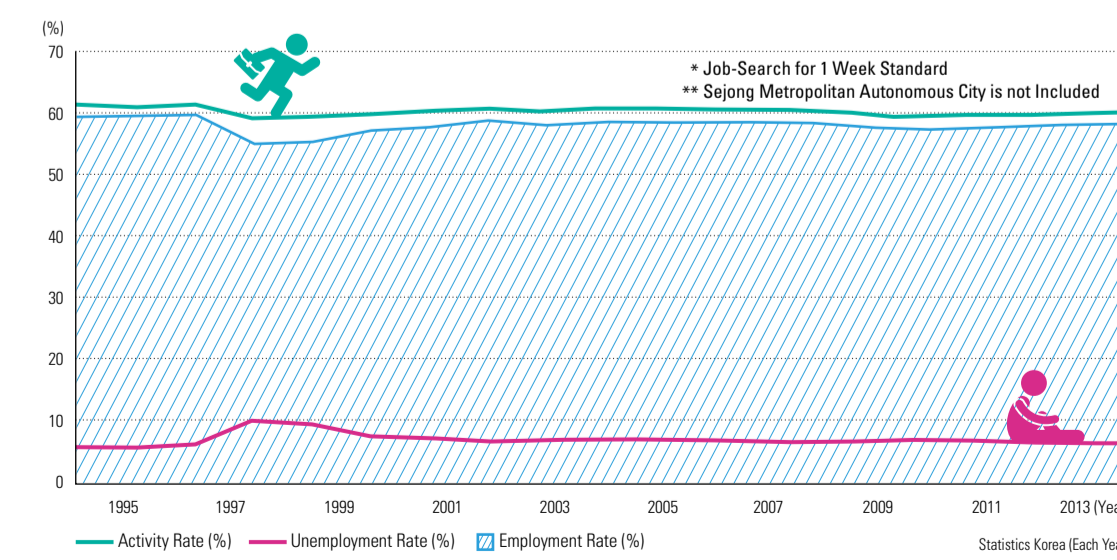
efforts to provide good quality employment opportunities for both young and mature employment seekers.

Employment

Employed and Unemployed (2013)



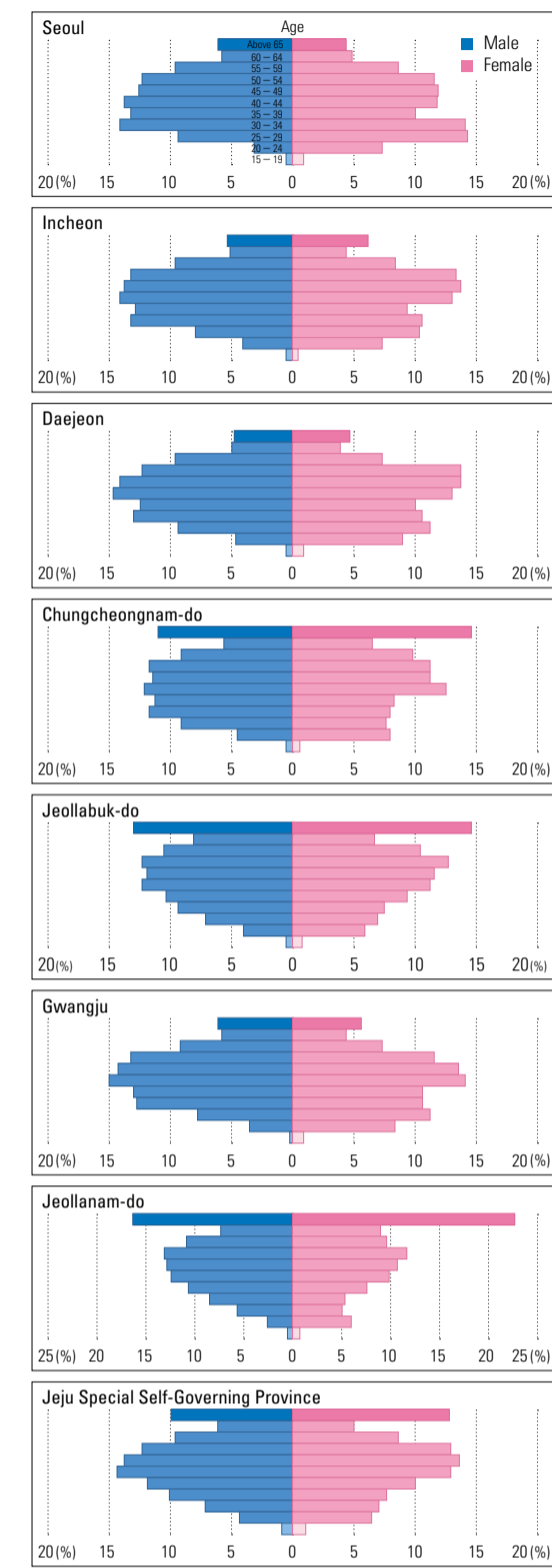
Changes in Activity Rate, Employment Rate, and Unemployment Rate (1995 - 2013)



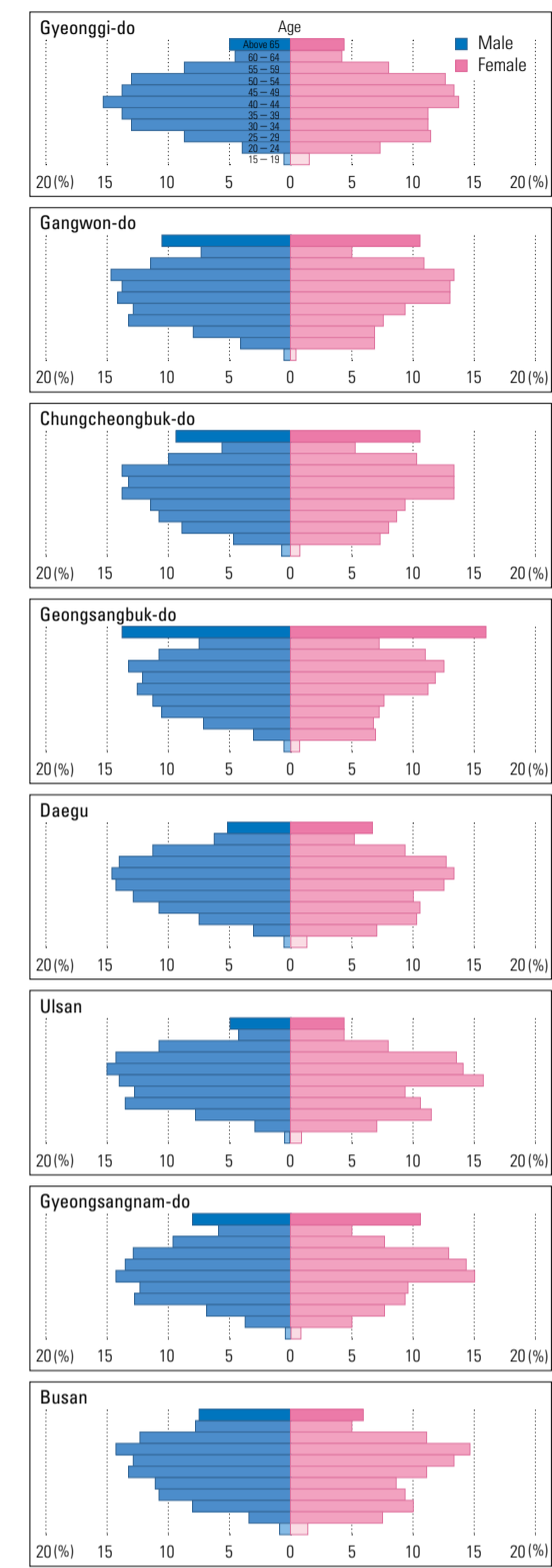
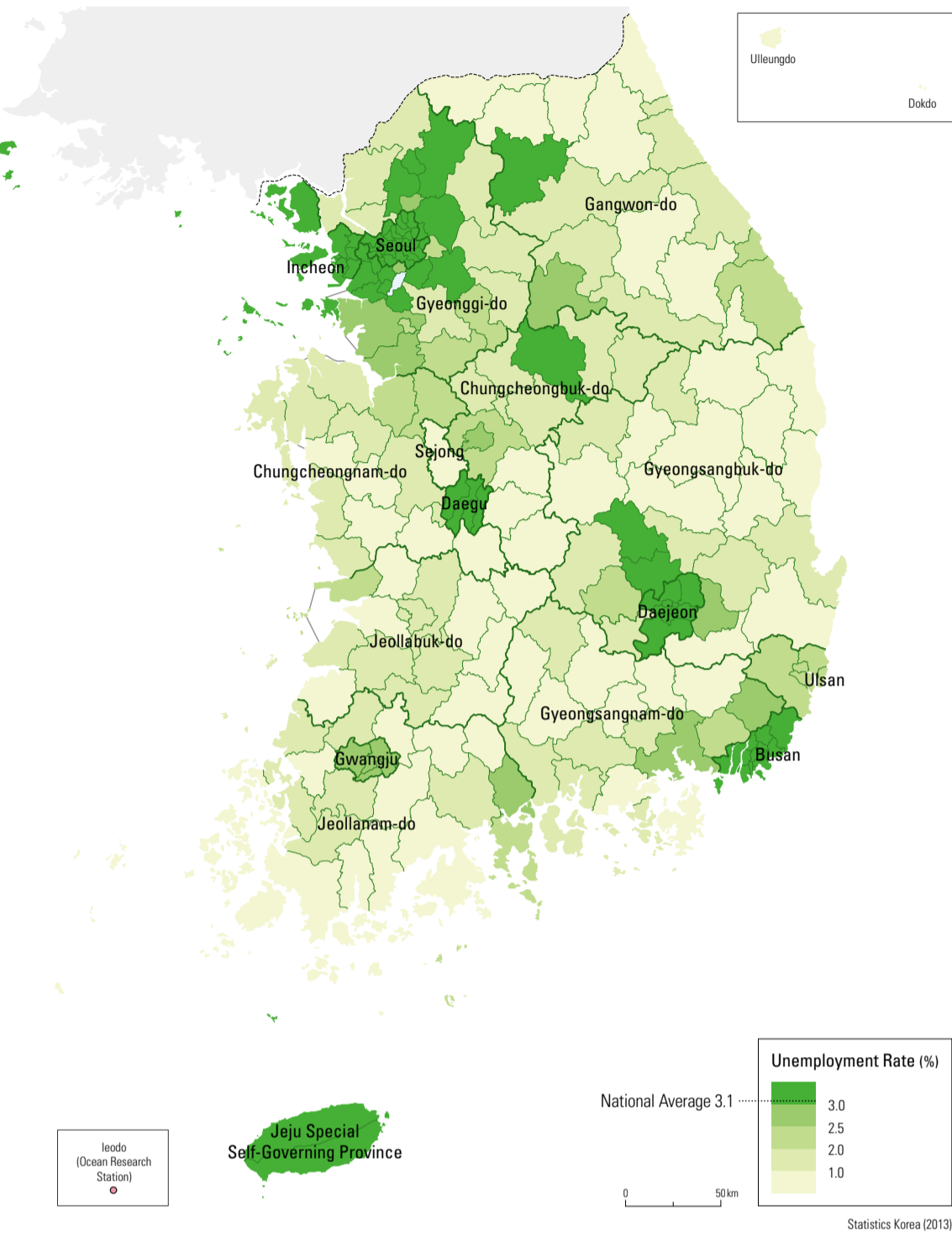
As of 2013, the total employable population over 15 was about 42.1 million. Of that, the economically inactive population, who are not actively searching for jobs (for reasons such as child rearing, homemaking, in school, in national defense, and for any other social reason) was 16.2 million. Therefore, the economically active population, those who are currently employed or actively searching for jobs, was 25.9 million. In 2000, the economic activity rate was 61.5 percent, and it has remained steady at around 60-62 percent. The overall economic activity rate has remained higher in the larger metropolitan areas due to the higher demand for employment.

The economically active population can be divided into employed and unemployed. In 2013, the employed population was 25.1 million (96.9 percent), while the unemployed was 0.8 million (3.1 percent). The employment rate (based on the total employable population) fell to 56.7 percent in the late 1990s during the economic crisis, but gradually recovered to the previous level, reaching 59.9 percent in 2013. The unemployment rate (the ratio of unemployment to the total economically active population) was as high as 6.3 percent during the economic crisis but had declined to 2.8 percent by 2013.

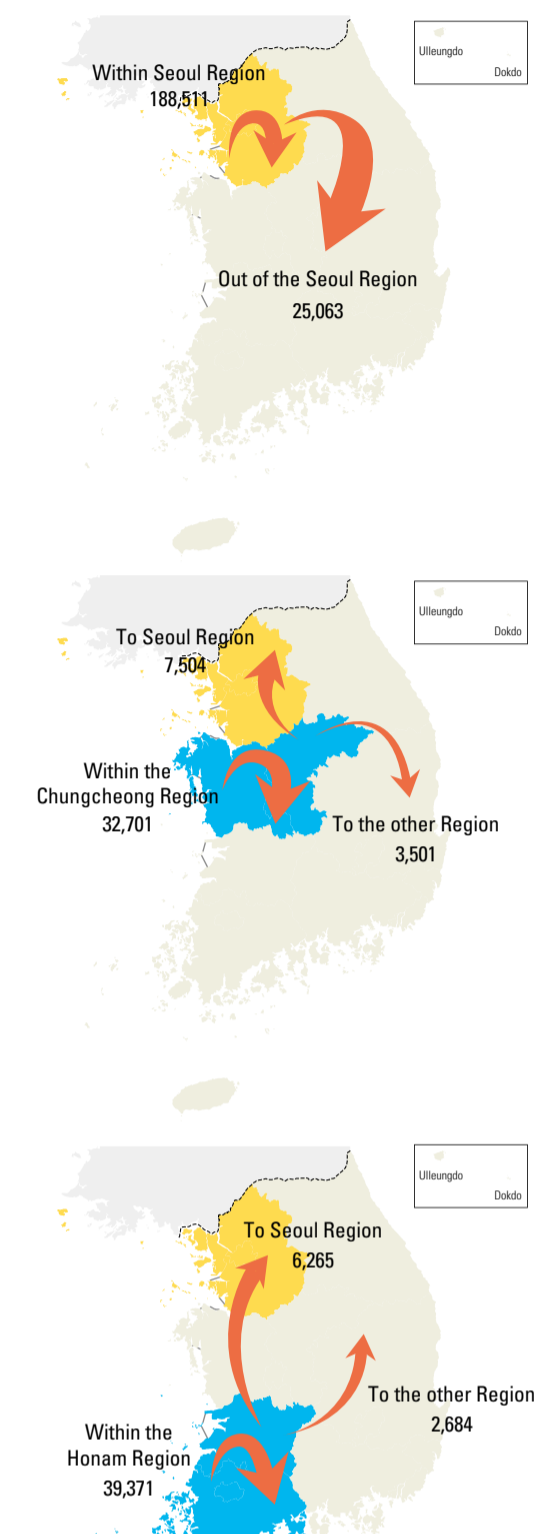
Workforce Makeup by Age and Sex (2013)



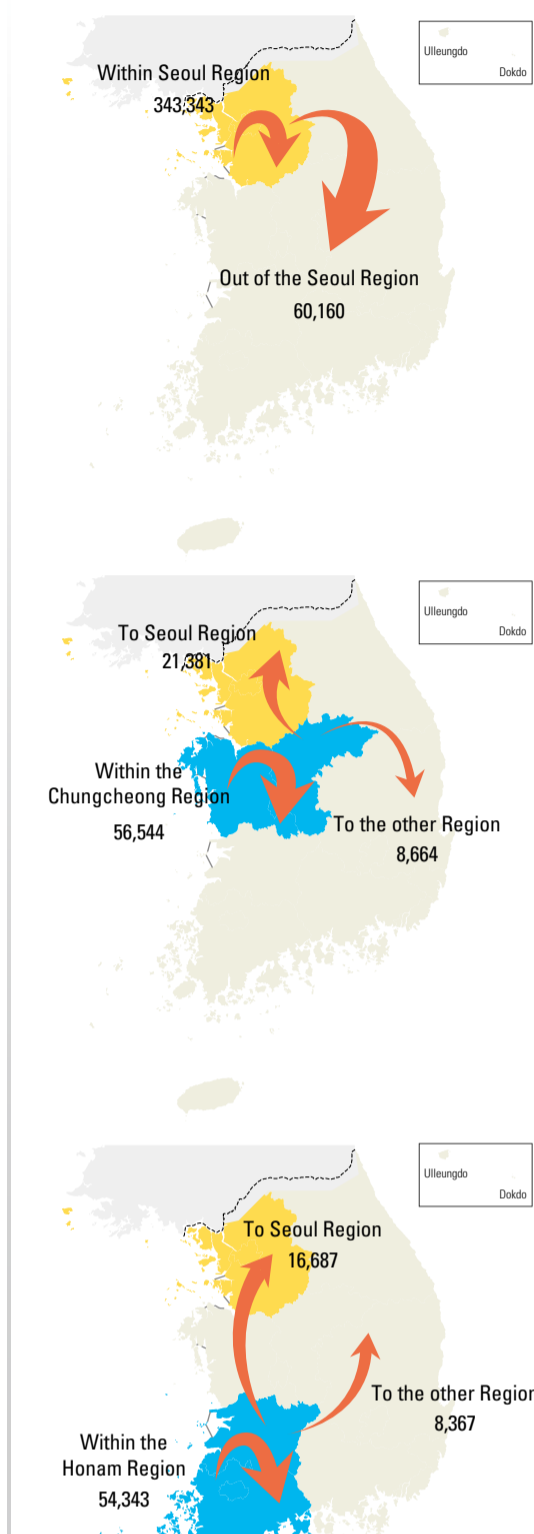
Unemployment Rate (2013)



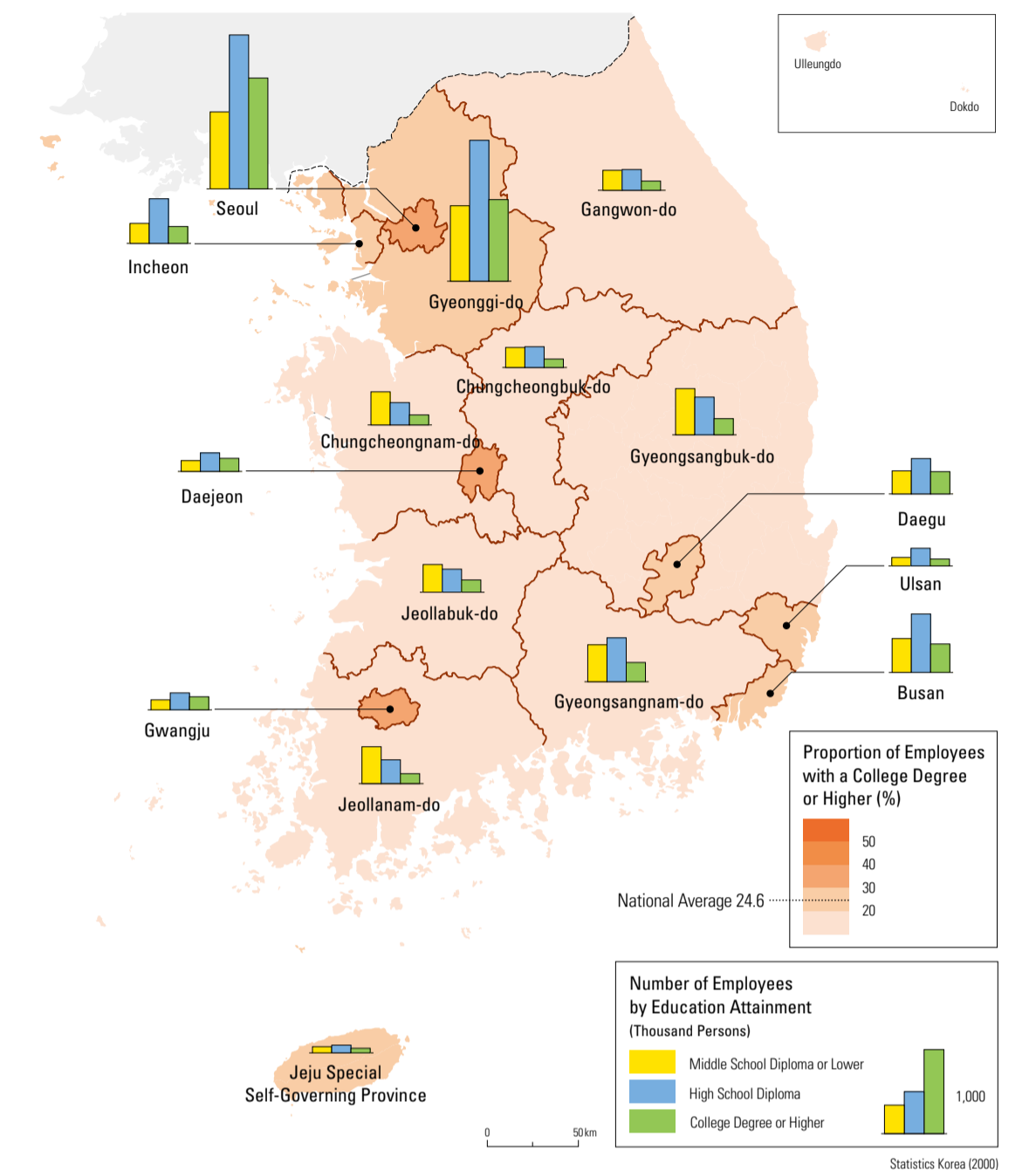
Intra- and Inter-Regional Migration of the 15 – 19 Age Group



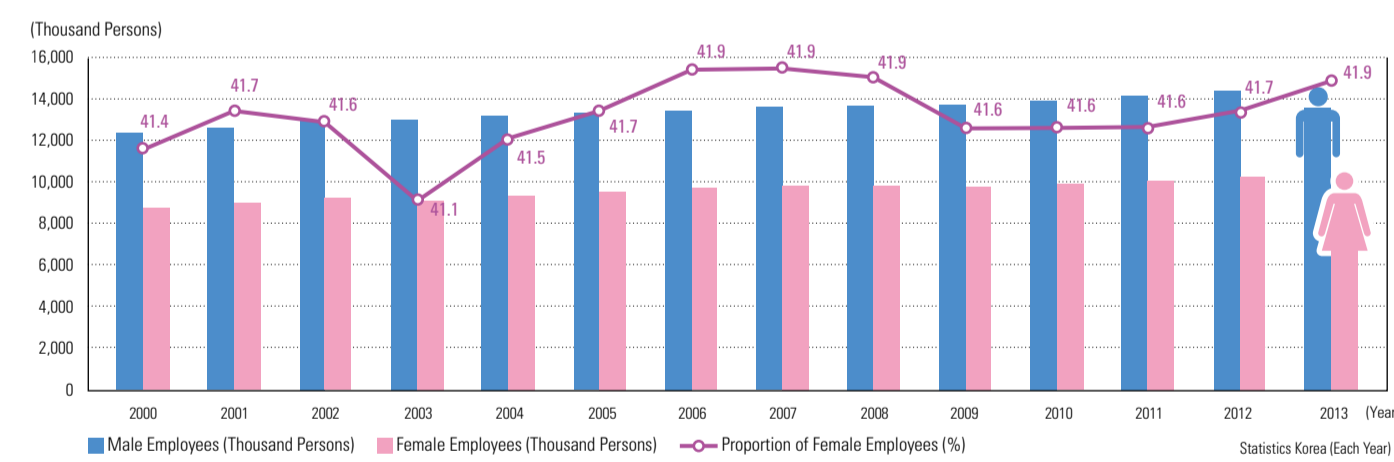
Intra- and Inter-Regional Migration of the 25 – 29 Age Group



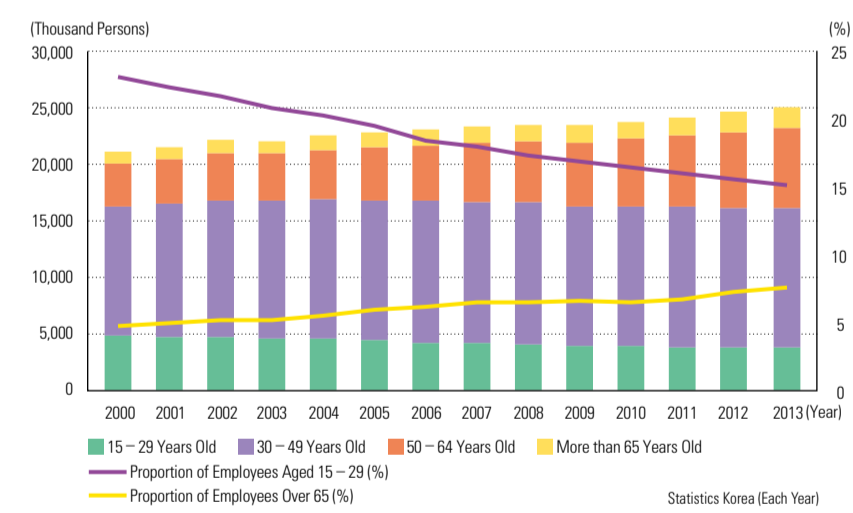
Employees by Education Attainment 2000



Change in Number of Employees by Sex (2000 – 2013)



Change in Number of Employees by Age (2000 – 2013)



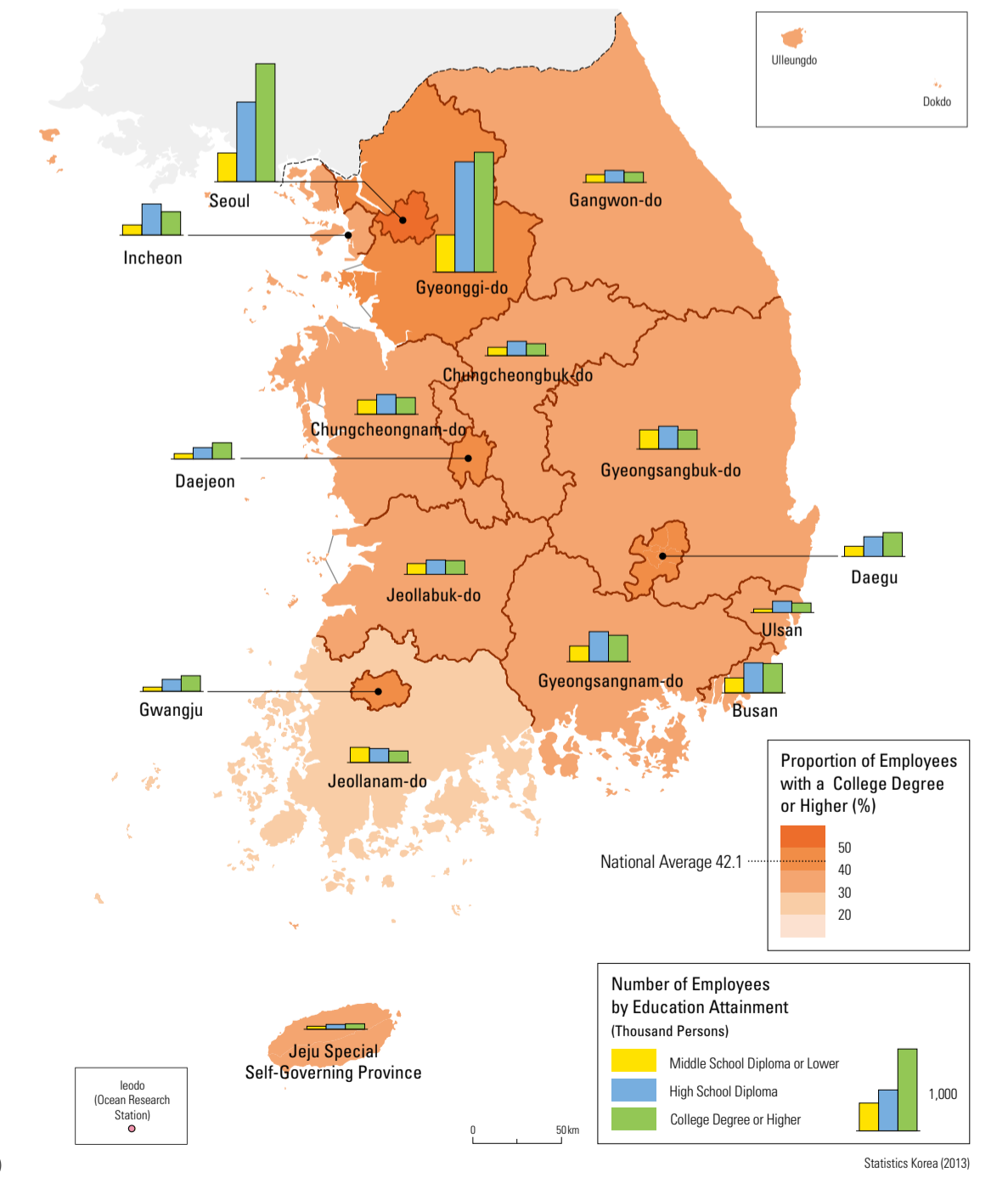
Unemployment rates are usually higher in large metropolitan areas because of the higher demand for employment that attracts job seekers to metropolitan areas. For the same reason, there is a greater fluctuation of unemployment rates in cities depending on the economic situation. By gender, the number of employed males was 14.6 million and the number of employed females was 10.5 million. The female employment rate has gradually increased and has remained around 41 percent since 2000. Geographically speaking, the female employment rate is higher in metropolitan areas where the service economy is stronger than the national average, while in the

manufacturing cities such as the Greater Ulsan Metropolitan Area, the male employment rate is higher than that of females. As Korean society ages, the employed population is also aging. In 2013, the most economically active age group, 30 – 49, comprised 49.9 percent of the employed population; the middle-aged group of 50 – 64 comprised 27 percent; the younger age group of 15 – 29 comprised 15.1 percent; and the older age group of over 65 comprised 7.6 percent. Compared to 2000, the proportion of employed individuals 49 and younger declined, while the proportion of employed individuals over 50 grew.

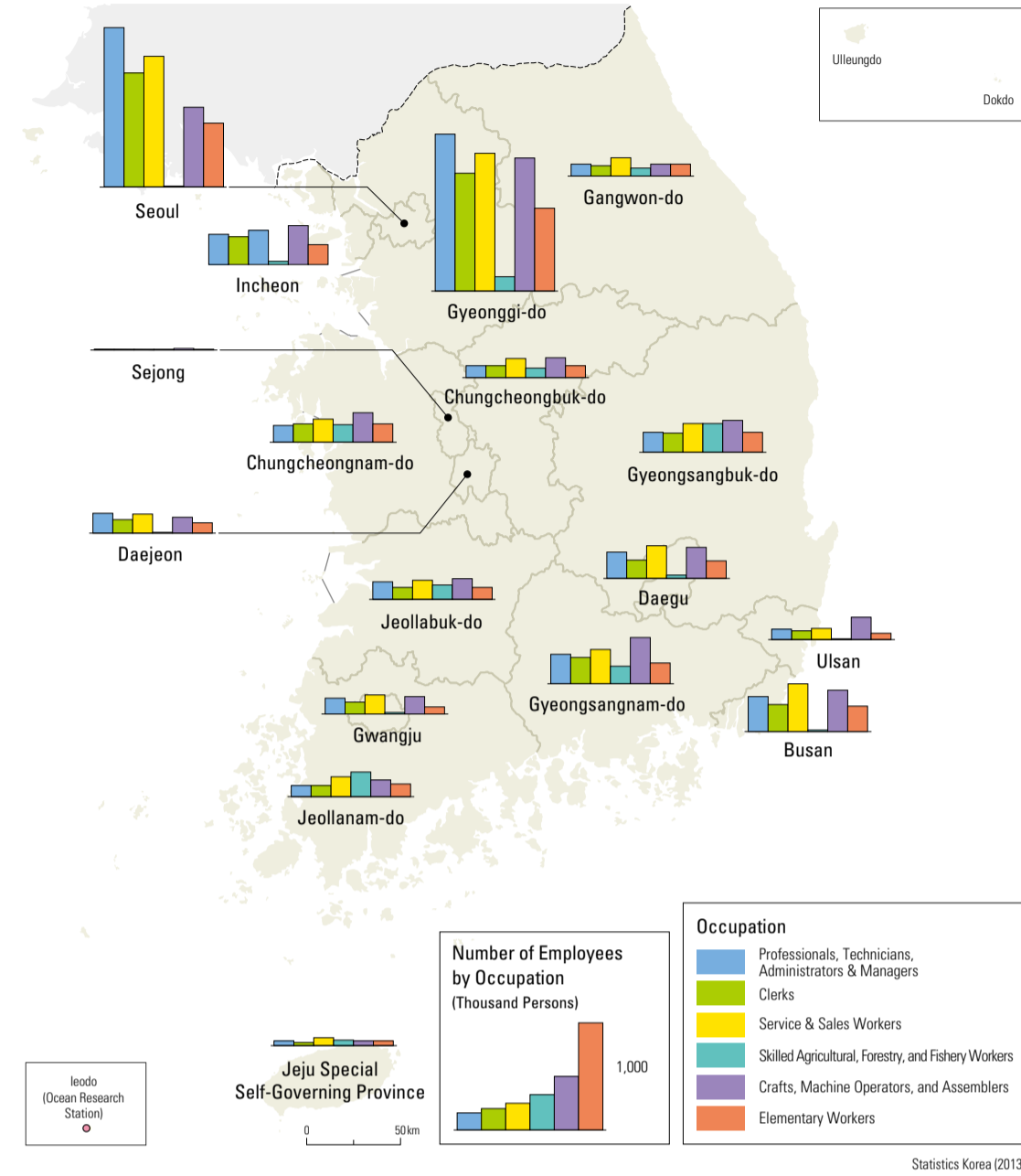
With the improvement of communication technology, the dissemination of information becomes more effective; thus, the advancement of knowledge-based informationalization becomes the foundation of new technology and industry. Correspondingly, the overall education level of Korean employees has increased. Up until 2000, the areas with over 40 percent of the population being college graduates were mostly the larger metropolitan areas; however, by 2013 that percentage extended to the entire country. During the same time, the number of college graduates across the nation surpassed those with only a high school education. Yet, most of the highly educated

people are still concentrated in the Greater Seoul Metropolitan Area, as can be seen from the migration patterns for the “college-preparation” (15 – 19) and the “soon after college” (25 – 29) age groups. In 2014, the interregional migration for individuals ages 25 – 29 and out-migration for that age group was higher from non-Seoul regions, and the main destination was the Greater Seoul Metropolitan Area. To a lesser degree, the same pattern can be seen for ages 15 – 19, with a higher in-migration to the Greater Seoul Metropolitan Area.

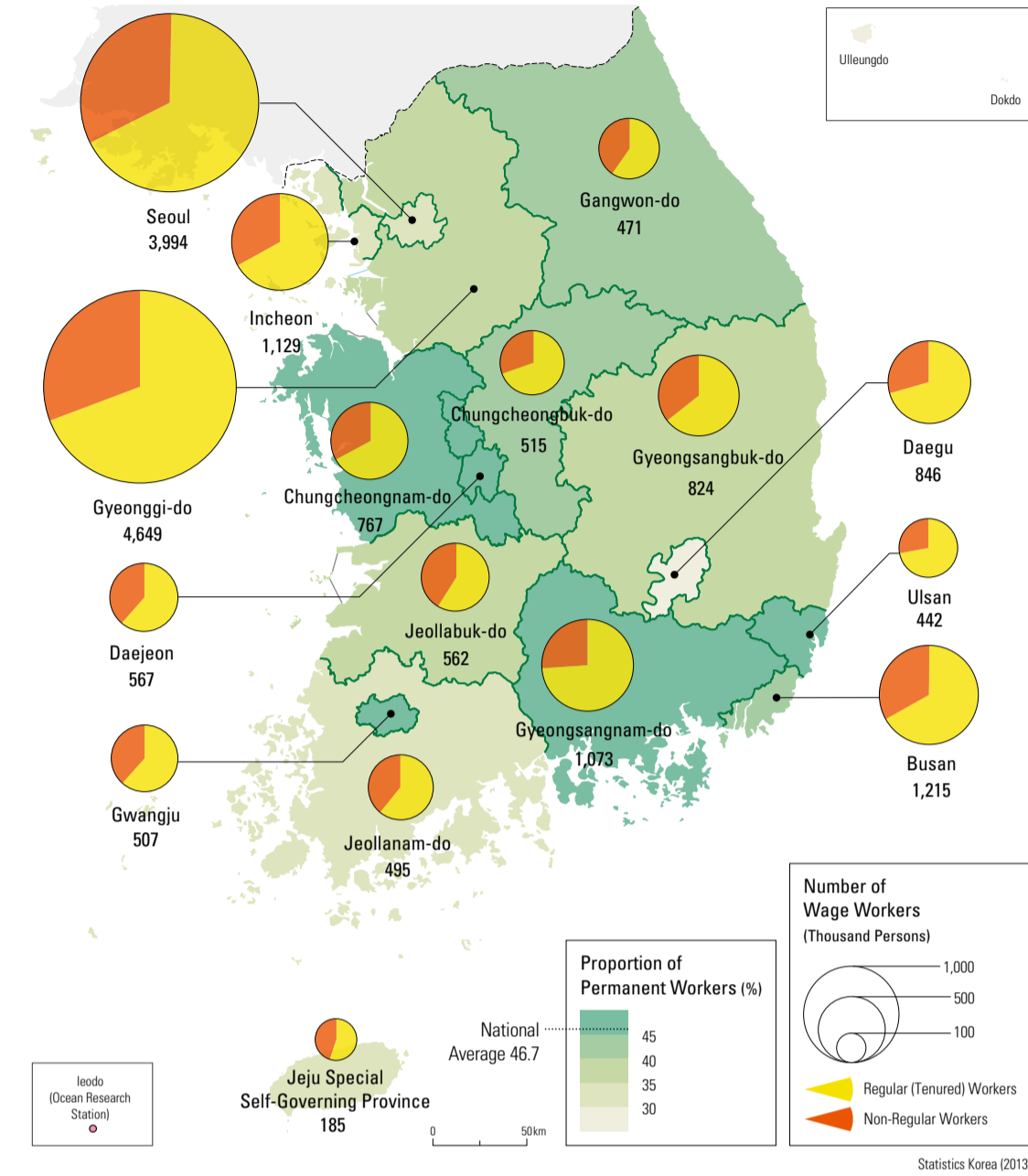
2013



Employees by Occupation Group (2013)



Employees by Employment Type (2013)



For employment trends by occupation, there has been a steady increase in managerial and professional jobs in all cities and provinces. While the employment number for services and retail operators has not changed much, there has been a definite declining trend in mechanical, manufacturing, and assembly jobs in large cities, which is a clear indication of the deindustrialization of Korea.

There is a growing concern that the recent increase in labor market flexibility will lead to a decline in job security and increased gap in wages between jobs, eventually resulting in an impact on the income distribution across the country. Employed workers can be divided into two groups: wage workers (employed by other

people or a company) that receive wages, and non-wage workers who are either self-employed or family members of a business owner who do not receive a salary. Wage workers can further be divided into regular workers, temporary workers, and daily workers. Regular workers are employees with paid leave entitlements in their jobs or work contracts of unlimited duration, including permanent workers whose contracts last for 12 months and over, while temporary workers are employees on a fixed term contract or whose expected duration for their main job is less than one year due to a seasonal/temporary/fixed contract. Daily workers are hired daily so that their jobs are extremely unstable.

According to the Monthly Employment

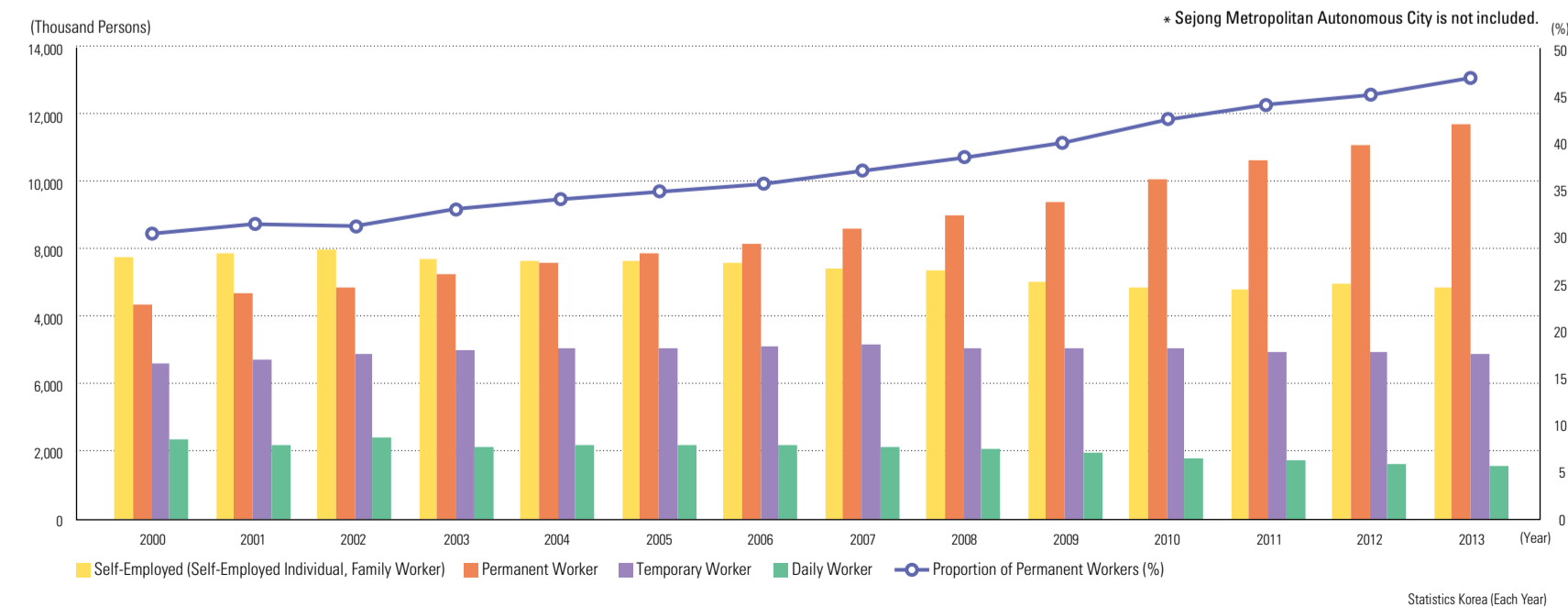
Trends published by the Bureau of Statistics, if an employment contract is longer than a year, the employee is considered a regular worker. An employee with a contract for one month to less than a year is a temporary worker, and an employee with a contract for less than one month is classified as a daily worker. For the Labor Statistics of the Department of Labor, three months is the critical length, and anything over 45 days is considered permanent employment.

Wage laborers can be divided into tenured and temporary positions. Tenured positions are the ones that do not have predetermined ending dates and these employees presumably work until the retirement age of the company. They work a full day and usually have direct contract with the

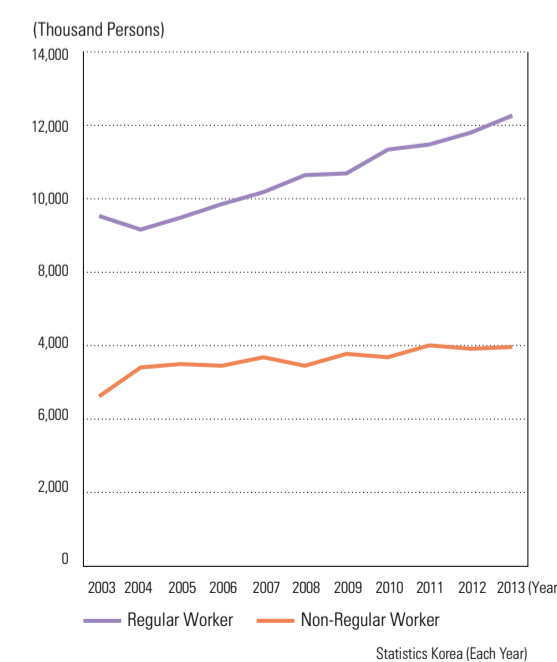
employers. Temporary workers have contracts for a limited time, shorter working hours, or short-term, dispatched, contracts.

Since 2000, the proportion of regular workers has increased while the proportion of temporary workers has declined, so that overall job security has improved. The proportion of tenured employees is still low, comprising about 1/3 of wage workers in 2013. This rate is similar to the rate of 2003. The rate fell with the softening of the labor market. However, the recent effort to improve the relatively poor wages and working conditions for non-tenured workers has helped to improve job security.

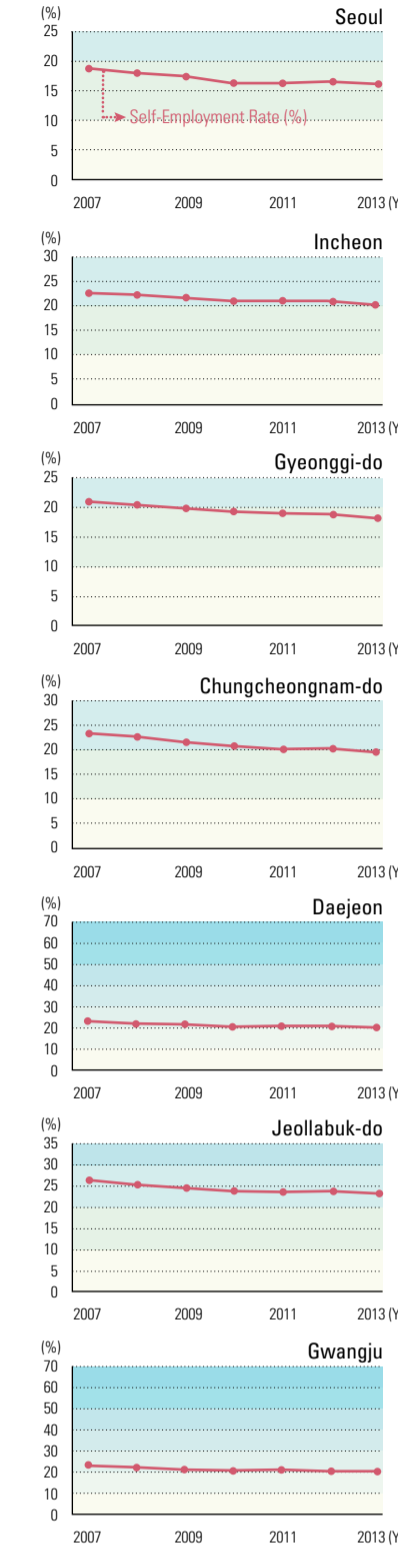
Change in the Number of Employees by Employment Type (2000 - 2013)



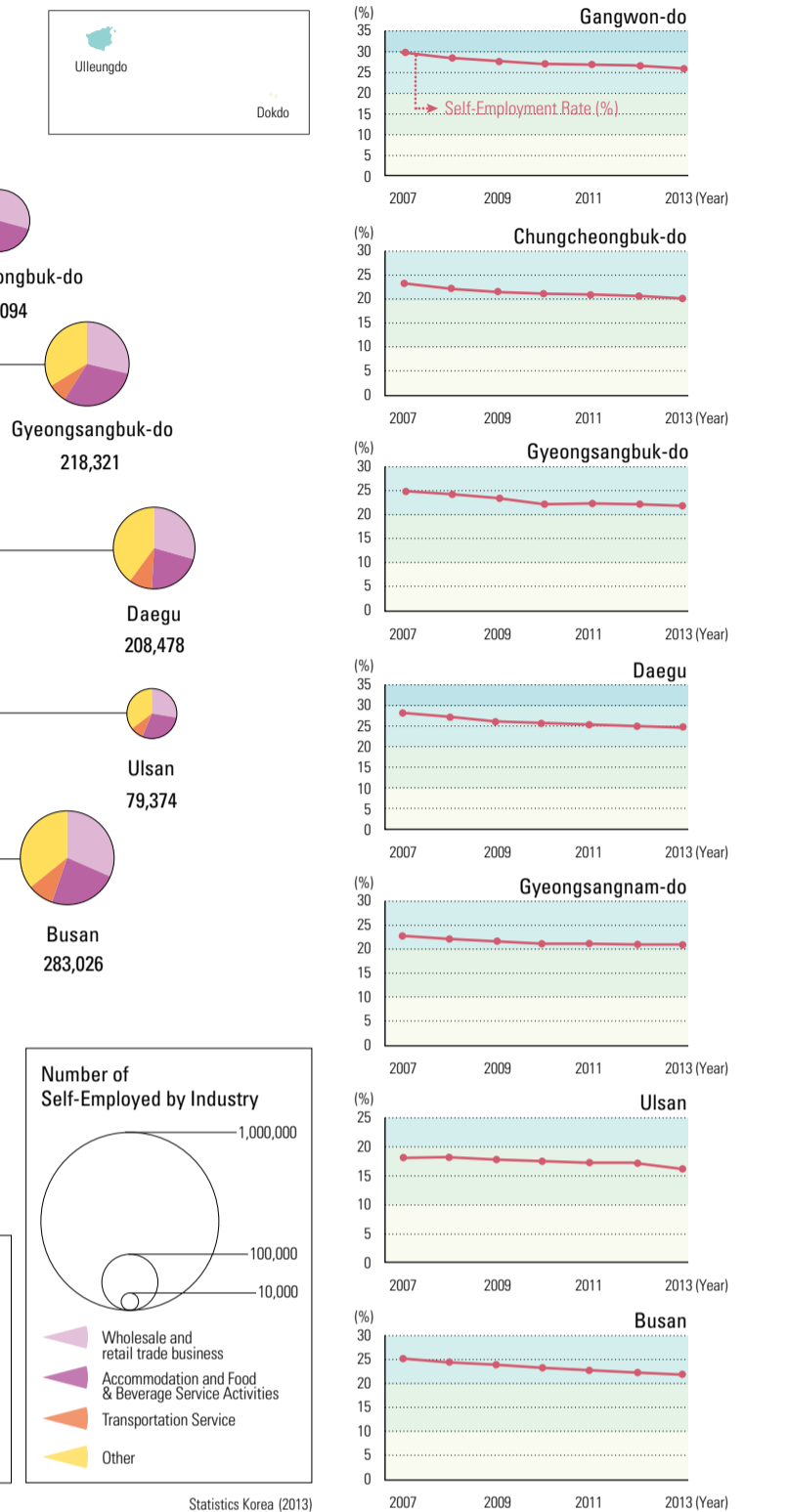
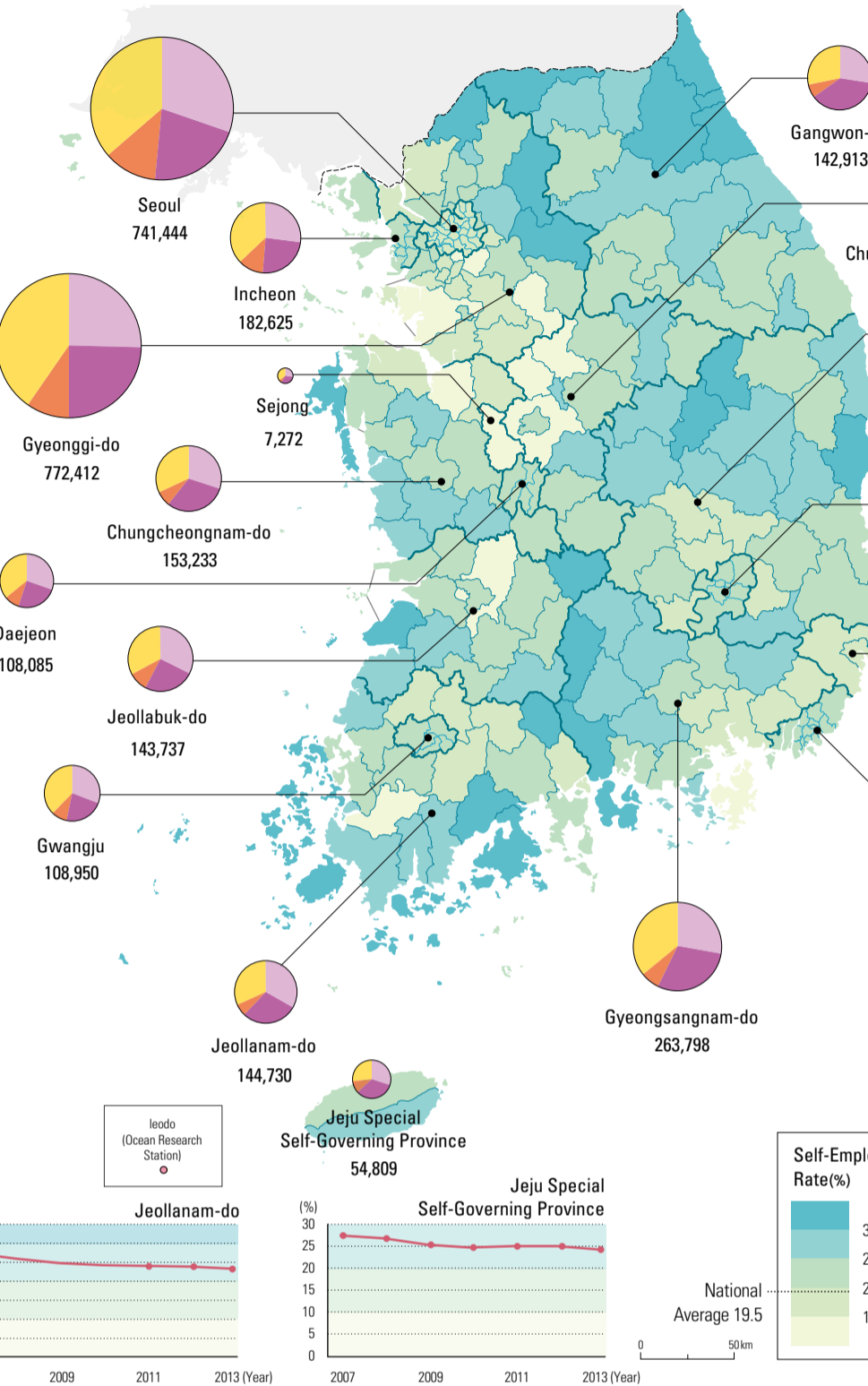
Regular and Non-Regular Workers (2003 - 2013)



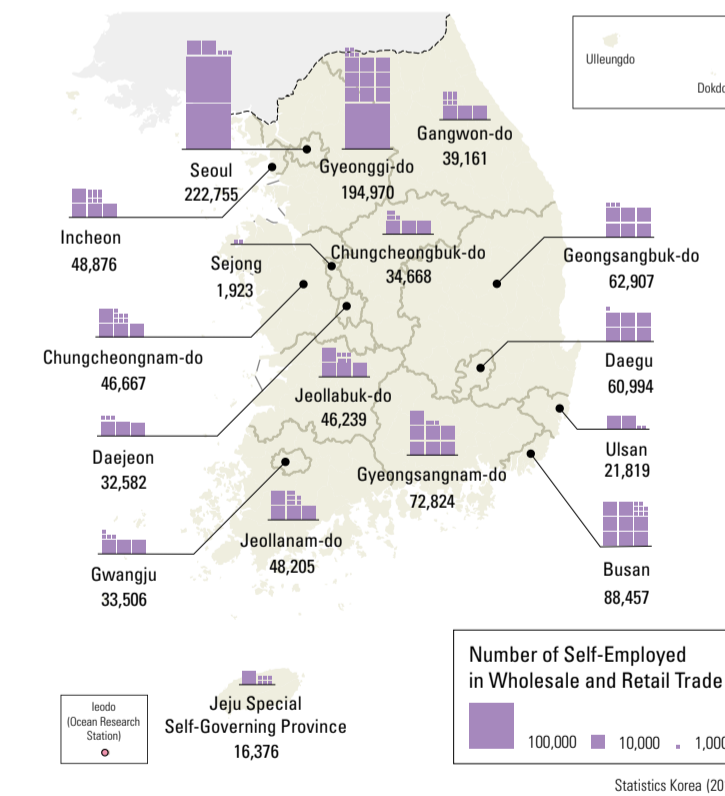
Self-Employment



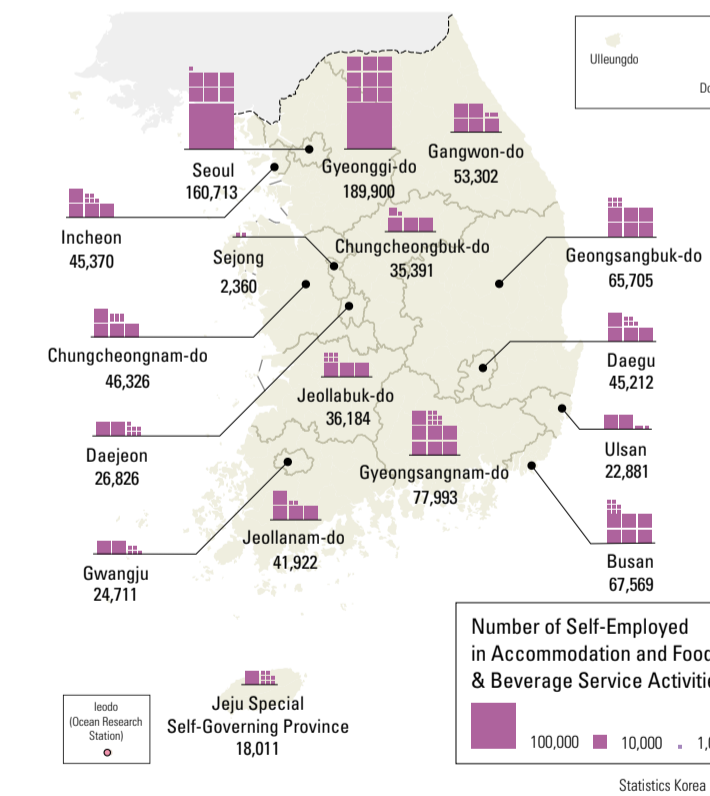
Self-Employment (2013)



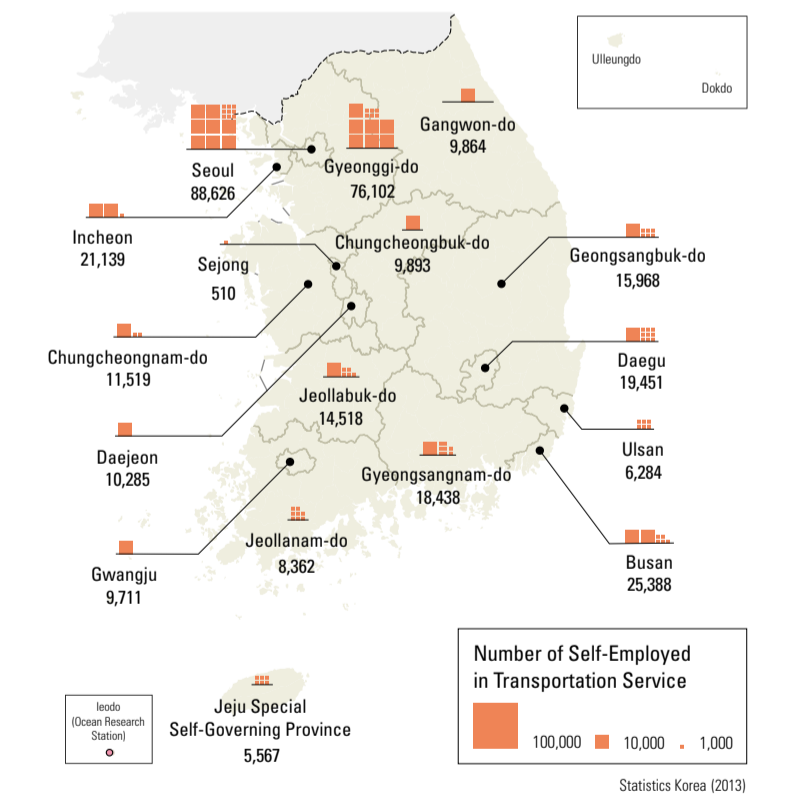
Self-Employment in Wholesale and Retail Trades (2013)



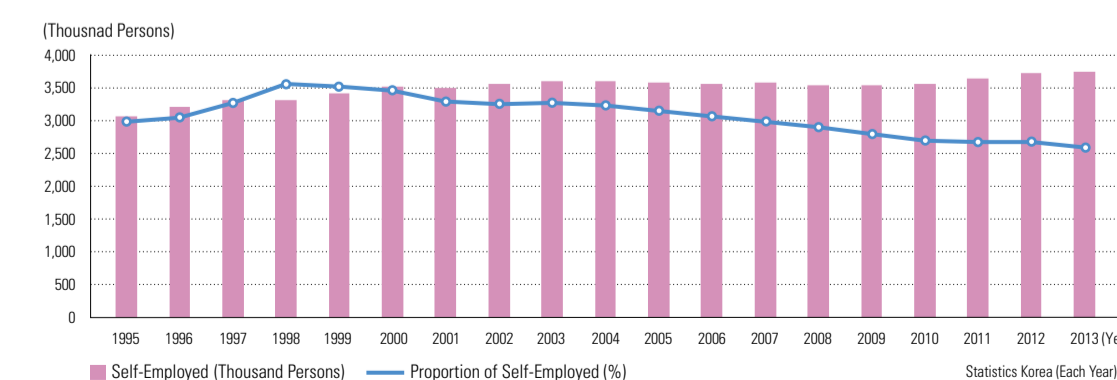
Self-Employment in Accommodation and Food & Beverage Service Activities (2013)



Self-Employment in Transportation Services (2013)



Change in the Self-Employed Population



Overall, Korea has a higher rate of self-employment than many more developed countries. High self-employment can be interpreted as indicating strong entrepreneurship in business; at the same time, it raises concern as it can be interpreted as indicating many small businesses with very little profit.

The number of self-employed individuals together with non-wage family workers reached

its peak in 2002 at about 8 million, but steadily declined. However, the self-employed are still concentrated in the wholesale, retail sales, lodging, and food services, and transportation and other lower level service industries. These businesses overall have much higher rates of business closures and longer working hours, so that more government policies are needed to protect the businesses.