



Job Creation and Local Economic Development 2020: Rebuilding Better examines the impacts of COVID-19 on different types of local labour markets. It also considers their performance prior to the pandemic, and how COVID-19 could impact other ongoing local labour market transitions such as digitalisation, automation and the polarisation of jobs. Finally, it discusses the role local actors will play in rebuilding better. Consult the full publication [here](#).

Korea¹

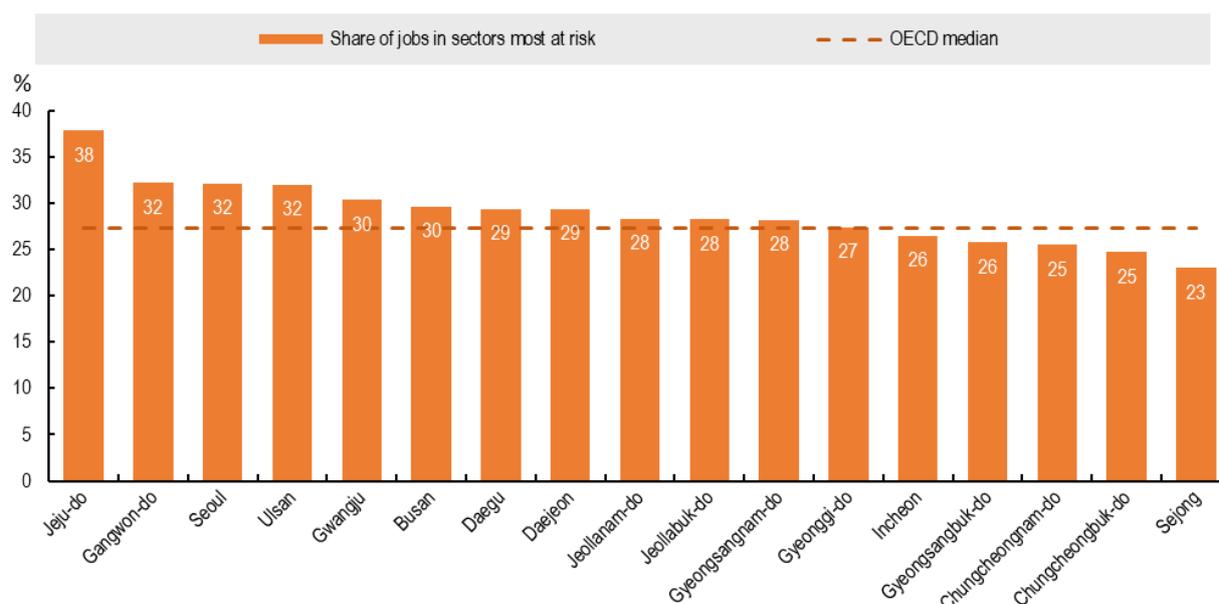
The share of jobs in sectors most at risk from COVID-19 ranges from 23% in Sejong to 38% in Jeju-do.

Looking at the decade following the 2008 crisis, no regions had unemployment rates lower in 2018 than in 2008, a pattern seen in less than one-third of OECD countries.

In Korea, just over half of regions saw the share of middle-skill jobs decrease between 2011 and 2018.

The potential impacts of COVID-19 on local labour markets

Jobs in sectors most at risk



Note: Share of jobs at risk is based on estimates of sectors most impacted by strict containment measures, such as those that involve travelling and direct contact between consumers and service providers. The sectoral composition of the regional economy is based on data from 2017 or latest available year. The OECD median presented here is the median of OECD regions with available data. Data for this indicator is at the TL3 level.

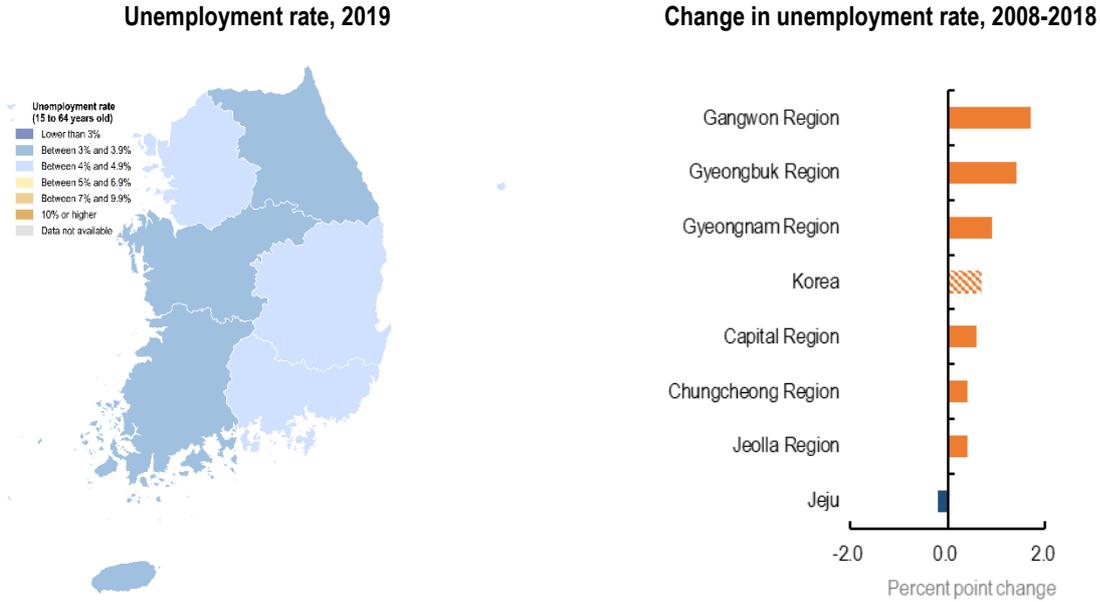
Source: OECD calculations on OECD (2020), "Regional economy", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6b288ab8-en>.

COVID-19 has put unprecedented pressure on local labour markets and economies. The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. In Korea, the share of jobs in sectors most at risk ranges from 23% in Sejong to 38% in Jeju-do. Only about a third of sub-regions had a lower share of jobs at risk than the OECD median region.

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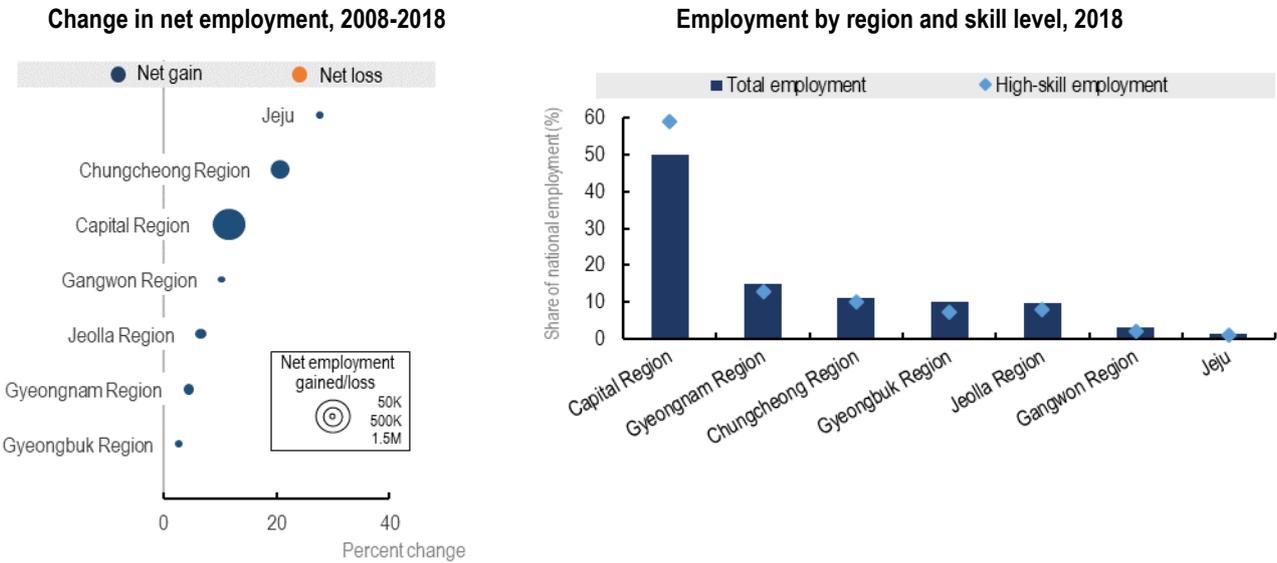
Updated 23 November 2020

Local labour market performance prior to COVID-19



Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64.
 Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

Before the COVID-19 pandemic, unemployment rates in Korea were generally low. They varied 1.7 percentage points across regions, from a low of 3.0% in Jeju to a high of 4.7% in the Gyeongbuk Region in 2019. Looking at the decade following the 2008 crisis, only one region had an unemployment rate slightly lower in 2018 than in 2008.

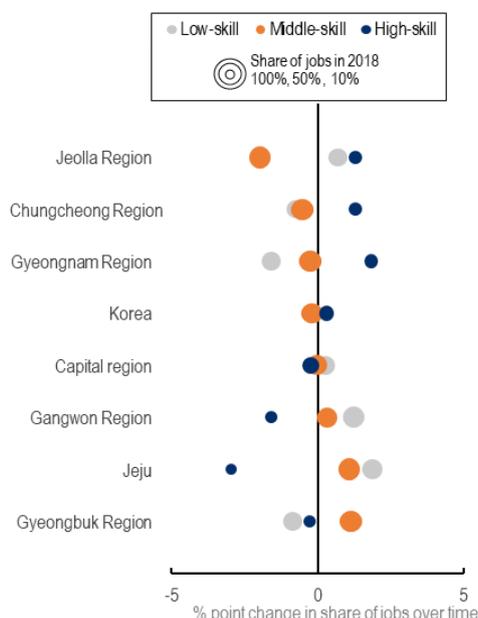


Note: These indicators refer to the population aged 15 and above.
 Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en> and OECD calculations on Statistics Korea Local Area Labour Force Survey.

In all Korean regions, the number of people employed grew between 2008 and 2018. The Capital region was responsible for almost 60% of net employment growth over this period, and in 2018, accounted for almost 50% of all employment in Korea and roughly 59% of all high-skill employment. Looking at the period 2011-2018, the geographic concentration of jobs (as measured by the number of people employed) did not change significantly in Korea, while the concentration of high-skill jobs decreased slightly.

Local labour market transitions

Job polarisation, 2011-2018



In Korea, just over half of regions saw the share of middle-skill jobs decrease between 2011 and 2018. However, where the share of middle-skill jobs decreased, the change was relatively minor (2 percentage points or less). In four regions, the share of high-skill jobs actually decreased, although the decrease did not exceed 3 percentage points in any region.

Note: High-skill occupations include jobs classified under the ISCO-88 major groups 1 (legislators, senior officials, and managers); 2 (professionals); and 3 (technicians and associate professionals). Middle-skill occupations include jobs classified under the ISCO-88 major groups 4 (clerks); 6 (skilled agricultural workers); 7 (craft and related trades workers); and 8 (plant and machine operators and assemblers). Low-skill occupations include jobs classified under the ISCO-88 major groups 5 (service workers and shop and market sales workers); and 9 (elementary occupations).

Source: OECD calculations on Statistics Korea Local Area Labour Force Survey.

Active labour market policies: institutional arrangements

Active labour market policies will be of growing importance as the COVID-19 response moves from emergency supports to facilitating labour market transitions. The institutional arrangements for these policies, and the role of subnational governments, varies significantly across countries.

	<i>Centralised, including branch offices of national ministry / agency</i>	<p>The Framework Act on Employment Policy (2011) broadly outlines the relationship between central and local governments in regards to employment policies. The national level (primarily through the Ministry of Employment and Labor - MOEL) is the main provider of public employment services, and local governments play a supporting role and are also able to promote policies that take regional labour market conditions into account. As subsidiary bodies of the MOEL, there are 48 Local Employment and Labour Offices, 6 of which are regional, 40 are at the district level, and two are branch offices. There are 101 Job Centres, one of the primary implementation agencies of active labour market policies, under Local Employment and Labour Offices. The central government traditionally implements active labour market policies, such as training programmes and direct job creation. Municipalities are increasing their share of investments on ALMPs centred on direct job creation policies aimed at disadvantaged people, and play an important role in executing the central government's direct job creation programmes. Some local governments also have their own local Job Centres. There is also a growing recognition of the need to ensure employment policies and programmes address local needs, as exemplified by the creation of Regional Employment Deliberation Committees and the Locally Based Job Creation Support Program.</p>
	<i>Decentralised to subnational governments</i>	
	<i>Fully outsourced or delivered through network of public, private, and/or non-profit providers</i>	
X	Combined system with shared competences, or different systems for different target groups	

Source: OECD (2014), *Employment and Skills Strategies in Korea*, OECD Reviews on Local Job Creation, OECD Publishing, Paris, <https://doi.org/10.1787/9789264216563-en>.

Notes

¹ Data is presented mainly at the TL2 level, which typically corresponds to the first administrative tier of subnational government, unless otherwise indicated. See Reader's Guide of the full report for more information on the methodologies behind the calculations.