Good jobs for all in a changing world of work

The OECD Jobs Strategy

Implementation Highlights for Korea

August 2020

The new OECD Jobs Strategy provides a comprehensive framework and detailed policy recommendations to help countries address the labour market challenges in the context of the digital revolution, globalisation and demographic changes, coupled with the productivity and wage growth slowdown and high levels of income inequality. This note presents some key highlights of a [preliminary assessment of the 2018-2021 working time reform in Korea](https://doi.org/10.1787/0e828066-en) conducted as part of the implementation of the OECD Jobs Strategy in Korea.

Korea's persistent long working-hour culture

More than one in ten Koreans work 60 hours or more per week – twice the OECD average (Figure 1). Working such long hours can have important negative consequences for the health and productivity of workers. The long-hour culture can also aggravate the challenges presented by population ageing, by reducing the ability of workers to continue working in good health up to an older age.

The 2018-2021 reform reduced maximum legislative hours and actual hours worked

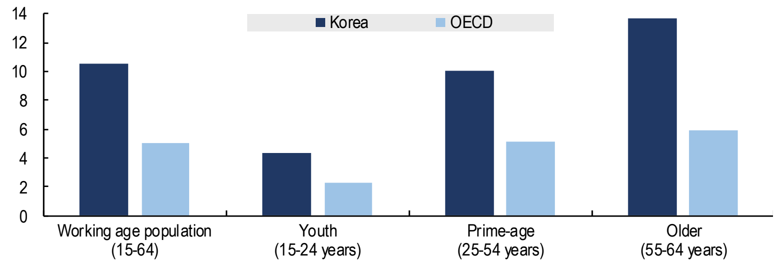
To reduce the incidence of very long working hours, the Korean government is gradually implementing a major working-time reform that lowers the statutory limit on total weekly working hours from 68 to 52 between 2018 and 2021. This reform will bring Korea's working time regulation in line with prevailing OECD practice (Figure 2). The implementation of the 52-hour limit among large firms in 2018 reduced the incidence of working over 52 hours by 5 percentage points or a fifth of its pre-reform level among employees working overtime (Figure 3).

Additional efforts are needed

While the initial effects of the reform are encouraging, working very long hours remains too common, even among large firms that are subject to the new 52-hour limit. Moreover, about two in five workers will remain exempt from the 52-hour limit once it is fully implemented in 2021. Additional efforts are needed to effectively change the long-hour culture: i) increase enforcement and coverage of the existing legislation; ii) reduce incentives for firms to demand very long hours; and iii) reduce incentives for workers to supply very long hours.

Figure 1. Many Koreans work very long hours

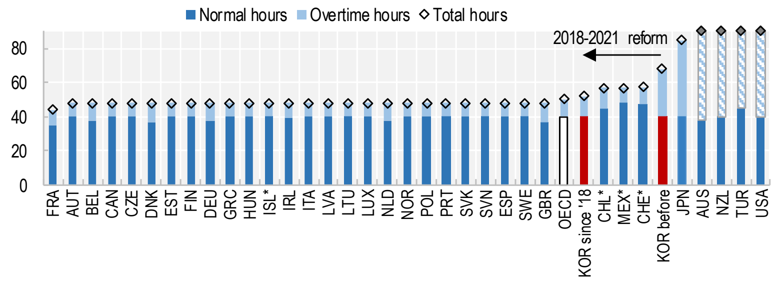
% of workers working 60 or more actual weekly hours, 2018



Average for 31 OECD countries (except CHL, ISR, MEX, NZL and TUR).

Figure 2. Working time limits are tightened towards prevailing OECD practice

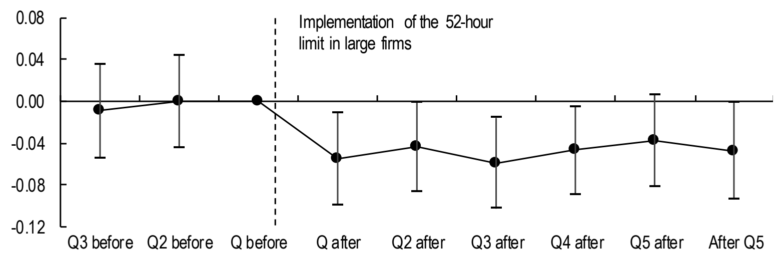
Legal maximum weekly working hours, 2018



Data refer to 2011-12 for the countries with an asterisk and 2019 for JPN. Dashed bars and grey diamonds indicate that no legislative maximum exists.

Figure 3. Fewer Koreans work very long hours since the 52-hour limit reform

Effect of the 52-hour limit on the share of employees working over 52 hours in large firms, Oct '17-Nov '19



Difference-in-difference in incidence of working over 52 hours since the reform in large firms (300 or more employees) affected by the reform vs. slightly smaller firms (100-299 employees) not affected, relative to the quarter before the reform. Vertical bands show the 95% confidence interval. "Q" denotes quarter.

Further reading

Hijzen, A. and Thewissen, S. (2020), "The 2018-2021 working time reform: A preliminary assessment", OECD Social, Employment and Migration Working Papers, https://doi.org/10.1787/0e828066-en.

OECD (2020), "Raising employment and enhancing job quality in the face of rapid ageing", in *OECD Economic Surveys: Korea 2020*, https://doi.org/10.1787/2dde9480-en

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