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Addressing population ageing: Recent evidence and policy options from the Republic of Korea

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Key points

- The Republic of Korea has entered a super-aged society, with over 20 per cent of its population aged 65 and older, and projected to reach 45 per cent by 2044. This demographic shift poses significant challenges, including a shrinking working-age population, labour shortages and rising social welfare costs.
- Non-university youth face barriers to sustainable career pathways due to long working hours, limited access to vocational training and a lack of diverse job opportunities. Comprehensive policies are needed to enhance skill development, create flexible job roles and establish structured career pathways.
- Despite increased employment rates among older workers, early retirement practices and limited re-employment opportunities hinder their full labour market participation. Extending the statutory retirement age and improving re-employment support services are critical to maximizing the contributions of older workers. Family care schemes in the Republic of Korea suffer from low awareness, restrictive eligibility criteria, lack of income replacement and limited flexibility.
- Expanding the scope of care recipients, introducing paid leave and ensuring flexible usage are essential to address the growing care needs in an ageing society.
- An integrated, forward-looking, coherent and comprehensive set of measures and policies are needed to address demographic challenges.
- By investing in vulnerable groups, modernizing labour market institutions and improving family care systems, the Republic of Korea can turn population ageing into an opportunity for productivity innovation and sustainable economic growth.

Introduction

The Republic of Korea is already considered a super-aged society – that is, more than 20 per cent of the population is aged 65 and older – and the country's population is ageing at one of the fastest rates in the world. The consequent decline in the working-age population represents one of the most significant challenges confronting the country's economy and society. This rapid demographic transformation is lowering economic growth potential, intensifying labour and skill shortages, and escalating rising social welfare expenditure – all of which call for a comprehensive and forward-looking policy response.

This brief diagnoses the core labour market challenges faced by the Republic of Korea in the context of these demographic changes and proposes strategic policy directions structured around three key pillars: (i) enhancing labour market entry for vulnerable youth; (ii) promoting the continued participation of older workers; and (iii) reforming institutional arrangements related to family care. The aim of these approaches is to reinforce the sustainability of the Korean economy and to transform the demographic transition from a source of risk into an opportunity for productivity innovation and inclusive growth.

* This brief was prepared by Dr. Selim Choi, Dr. Seongjin Jin, and Dr. Eunjoo Lee of the Korean Labor Institute.

Background

The demographic transformation in the Republic of Korea has already reached a critical point. The share of the population aged 65 and over has more than doubled from 13 per cent in 2004 to 27 per cent in 2024, and it is projected to reach approximately 45 per cent by 2044. By contrast, the share of the core working-age population aged 20–49 is expected to decline from 51 per cent to 31 per cent over the same period. These shifts present a series of structural challenges that a comprehensive approach including:

Expanding productive and stable labour participation among older workers

Although employment rates among older groups have improved in recent years, early retirement practices and limited re-employment opportunities continue to constrain labour utilization among older workers. Extending the statutory retirement age, improving re-employment systems and enhancing re-employment support services are necessary measures to maximize labour supply in an ageing society.

Supporting labour market transitions for young people, particularly non-university youth

The labour market remains largely structured around long working hours and regular employment, which makes it difficult for young people – especially those who do not pursue higher education or who face educational or social disadvantages – to establish sustainable career pathways. Strengthening skill development support for these youth, diversifying career paths and reinforcing the linkages between learning and employment are essential to enhancing labour market inclusion for vulnerable youth.

Boosting labour supply by alleviating family care burdens

Despite rising care needs and evolving family structures, the utilization rate of family care schemes remains relatively low. Key policy priorities include improving access to care-related programmes, broadening eligibility to cover diverse family situations, introducing paid care support and increasing flexibility to promote utilization of family care support programmes.

To this end, there is a need for a comprehensive redesign of labour market institutions to support the sustainable participation of vulnerable groups. This would entail building an integrated support system connecting enterprises, the public sector and families. This approach would need to go beyond demographic policy, and would instead represent both a strategy for restructuring national competitiveness on the basis of productivity as well as a process of modernizing the social contract towards greater inclusiveness.

Labour market integration of vulnerable youth

The Republic of Korea faces a growing mismatch between the way work is organized and the ways in which many individuals are able to participate. The Korean labour market remains anchored to a single model, one that is based on long hours and on-site, full-time work, typically with rigid schedules and open-ended expectations concerning worker availability. This arrangement suits only those without binding constraints, and leaves limited space for others. It underpins a central paradox: even as the working-age population contracts, large segments of society remain outside the labour market and unable to access skills development.

At the aggregate level, the Republic of Korea allocates comparatively few positions to quality part-time work and maintains one of the highest levels of annual working hours among Organisation for Economic Co-operation and Development (OECD) economies. The result is a labour market designed around “standard” jobs.[1] Under such conditions, sustained participation becomes unattainable for those unable to cross the full-time threshold; while the channels through which early-career skills are formed remain narrow.

1 ILO, *Working Time and Work-Life Balance around the World*, 2022.

Within this context, non-university high school graduates merit particular attention given the relative size of this cohort. Approximately one in five young adults – around 653,000 in their late twenties and 672,000 in their early thirties – are high-school graduates who have not progressed to tertiary education. If this group accumulates skills slowly and maintains only a weak attachment to the labour market, there is a risk that the national stock of human capital will expand too sluggishly precisely at a time when demographic pressures demand the opposite.

Tracking vocational graduates from 2006 and 2018 reveals that both overall employment rates and regular employment rates among non-university youth tend to plateau by their late twenties rather than continuing to rise over time. Wage progression through their twenties remains flat, and participation in structured vocational education or training – both during school and post-graduation – is limited. Moreover, the composition of activity has shifted away from the work-and-study combinations that, in many countries, underpin upward mobility among non-university youth. Increasingly, young people are either in work (typically in roles that provide minimal opportunities for training) or out of it altogether. The outcome is a cycle of short job spells that fail to generate cumulative human capital.

Vulnerability within the non-university population is widespread. In the 2018 vocational cohort, nearly one third met multidimensional criteria for vulnerability. In a 2024 survey of 1,109 non-university high school graduates, a majority were classified as vulnerable based on environmental or personal grounds. A distinctive feature of this group is that weaknesses tend to cluster: uneven basic competencies in literacy, numeracy and social skills; limited social networks; and few experiences of success from which self-efficacy can develop. Practitioners working on the front line provide a consistent picture in focus group interviews: many young people have never observed a career built step by step; they lack reliable information about entry-level roles across sectors; and prolonged isolation severs the informal channels through which opportunities and information normally flow. Their CVs are often thin, reflecting the absence of recognized training experiences or qualifications such as skill certifications. Economic hardship, social isolation and symptoms of depression compound these difficulties.

Even for those who secure employment, challenges persist. Discrimination based on age or educational background, assignment to repetitive tasks, low wages and unstable contracts undermine the incentive to remain attached to the job market. Gaps in foundational and interpersonal skills further hinder early career adaptation and progression. In such conditions, job turnover is high and successive employers see only a sequence of short tenures. This is how a "capability trap" emerges: weak skills and networks lead to poor matches with limited training value, which depresses the returns on experience and perpetuates weak capability formation.

The outcomes data corroborate this diagnosis. Compared with their non-vulnerable peers, vulnerable non-university youth display higher rates of non-participation, lower employment rates and a lower likelihood of securing regular employment. Those with compounded vulnerabilities exhibit shorter tenures. Educational background plays a predictable role: graduates of skill-intensive vocational programmes, such as Meister high schools, enjoy higher employment probabilities, whereas graduates from general-track schools or GED holders face lower odds. Collectively, these findings indicate that the issue is not simply one of search frictions that can be solved through faster job placement. Rather, it reflects the absence of reliable career pathways through which young people can enter, remain and progress – in particular pathways that enable the building of core capabilities in their first months of work.

The current policy architecture does not adequately construct such comprehensive career pathways. While numerous programmes exist, the system for young people is fragmented and poorly aligned with their developmental needs. Welfare policies are designed to expedite exits from benefit receipt rather than to finance multi-year skills accumulation or to manage transitions into learning-rich employment. Current youth policies concentrate on the teenage years and early twenties, and then taper precisely when labour market transitions intensify in their mid-twenties. Public employment services are geared towards job-ready tertiary graduates, leading to short, transactional engagements where success is measured in rapid placements rather than durable progression. Hiring subsidies typically reward headcounts and encourage retention, but give limited attention to job quality, training intensity or employment stability.[2] The result is a fragmented policy landscape: multiple access points but no cohesive framework linking assessment, bridging, training, placement and sustained employment.

A strategy for integrating vulnerable groups must therefore begin with a simple premise: public institutions should invest in learning. This principle has three direct implications for the design of workforce development schemes:

2 ILO, "Public Employment Services: Joined-Up Services for People Facing Labour Market Disadvantage," ILO Employment Services and ALMPs Brief No. 1, 2018.

1. **Bolster efforts to diversify away from the standard employment** so that new entrants can participate and accumulate capabilities without compromising employment protection.[3] More "first-step" roles that serve as career ladders are needed, such as paid positions of 20 to 30 hours per week, coupled with structured learning opportunities.[4]
2. **Expand employer-led apprenticeships and dual-training programmes** that embed learning within paid work.[5] For non-university youth, apprenticeships can substitute for the missing "college-to-firm" bridge.
3. **Organize public employment service delivery around long-duration case management** that mirrors how capabilities actually develop. Vulnerable youth need a single accountable actor who oversees their entire journey and coordinates services around an individual plan that is accompanied by assessments across different domains – including employment, welfare and health services – and guarantees access to foundational skill-building in literacy, numeracy and communication.[6,7] With respect to the latter, training duration is critical. Training programmes that last 12 to 36 months allow sufficient time for skills to form, habits to stabilize and wage progression to begin. Evidence from large-scale evaluations demonstrates that sustained, skills-intensive employment-linked programmes produce more sustainable earnings gains than fragmented short-duration placements.[8,9]

Although the focus here is on non-university youth, other vulnerable groups – including single parents, long-term unemployed adults, migrants and individuals with mild cognitive vulnerabilities – are also confronted with fragmented services as well as a shortage of jobs that are both compatible with their specific constraints and still offer learning potential. By addressing structural factors – including diverse job forms, apprenticeships, and long-duration case management – policy efforts can generate positive spillovers across vulnerable groups and reshape expectations within firms.[10,11]

None of these reforms will be costless. Yet, the opportunity cost of doing nothing is significant. In an ageing society with a shrinking working-age population, every episode of sustained participation and every increment of human capital accumulation represents a productivity investment. The integration of vulnerable groups is therefore not merely a moral or social policy imperative, it is an economic strategy – one designed to strengthen a smaller labour force by ensuring that new entrants can enter, remain and advance, and that their first months of work represent a stepping stone towards skills accumulation and a rewarding career path.

Current trends and policy directions for labour force participation among older adults

The Republic of Korea is undergoing rapid population ageing. In 2004, the proportion of individuals aged 65 and above was only 13 percent, and this figure is projected to rise to near half (45 per cent) by 2044 (table 1). The analysis presented here focuses on the age groups most pertinent to labour market policies aimed at older persons – namely those aged 55–59, 60–64 and 65–69.

The transformation of the older worker segment of the labour market in the Republic of Korea can be synthesized across four principal dimensions:

1. the expansion of employment;
2. the growth in female participation;
3. the reallocation across industrial sectors; and
4. significant alterations in occupational status.

3 European Commission, *European Network of Public Employment Services: New Forms of Active Labour Market Policy Programmes*, 2023.
4 European Commission.
5 European Commission.
6 ILO, "Public Employment Services".
7 European Commission.
8 Peter Z. Schochet, John Burghardt and Sheena McConnell, *National Job Corps Study and Longer-Term Follow-Up Study: Impact and Benefit-Cost Findings Using Survey and Summary Earnings Records Data* (Mathematica Policy Research, 2006).
9 Peter Schochet, "Long-Run Labor Market Effects of the Job Corps Program: Evidence from a Nationally Representative Experiment," *Journal of Policy Analysis and Management* 40, No. 1 (2020): 128–157.
10 ILO, "Public Employment Services".
11 European Commission.

Table 1. Population trends in the Republic of Korea

	2004	2014	2024	2034	2044
Total population	48,082,519 (100%)	50,746,659 (100%)	51,751,065 (100%)	50,937,726 (100%)	49,117,432 (100%)
Aged 20–49	24,605,052 (51%)	23,391,089 (46%)	21,137,752 (41%)	18,304,208 (36%)	15,154,768 (31%)
Aged 60 and over	6,077,115 (13%)	8,818,347 (17%)	14,149,326 (27%)	19,125,283 (38%)	21,957,067 (45%)
Median age	34.1	40.3	46.1	52.0	56.0

Source: Statistics Korea Population Projections.

Expansion of employment among older workers

Employment among older workers has expanded substantially over the period spanning 2008–2023 (figure 1). This is evidenced by a marked absolute increase in the number of employed individuals alongside a corresponding rise in the employment rate. For example, the number of employed persons within the 60–64 age cohort surged from 840,000 in 2008 to approximately 2.74 million in 2023. Concurrently, the employment rate for this same cohort rose from 56 per cent in 2008 to 65 per cent in 2023 (figure 2).

Growth in female participation

The rise in the female employment rate within this cohort has been particularly pronounced. The employment rate for women aged 60–64 recorded a substantial increase, climbing from 48 per cent in 2008 to 55 per cent in 2023.

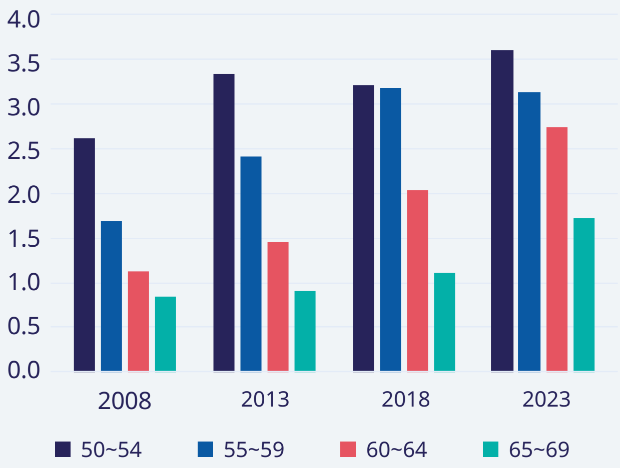
Industrial sector reallocation

There have been demonstrable shifts in the industrial sectors employing older workers, indicating a transition away from primary industries towards the service economy. One sector that has witnessed a particularly substantial decline is agriculture, forestry and fishing, which fell from 40 per cent in 2008 to 17 per cent in 2023 among the 65–69 age group. Conversely, social welfare services has seen significant growth, rising from 1 per cent to 11 per cent for the 65–69 age group over the same period.

Shifts in occupational status

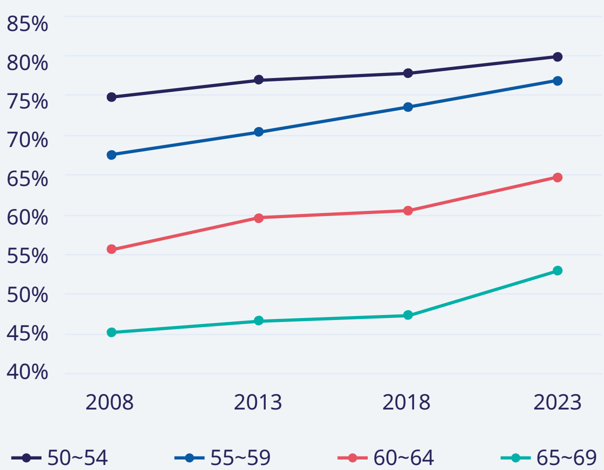
Changes in employment status have also proved highly significant, marked by a shift towards dependent work. The proportion of regular full-time employees among the 60–64 age group expanded considerably, rising from 15 per cent in 2008 to 38 per cent in 2023. Conversely, the share of self-employed workers within this cohort underwent a

Figure 1. Number of employed persons by age group, 2008–2023 (millions)



Source: Statistics Korea, Economically Active Population Survey, Supplementary Survey for the Aged.

Figure 2. Change in employment rate by age group, 2008–2023 (percentage)

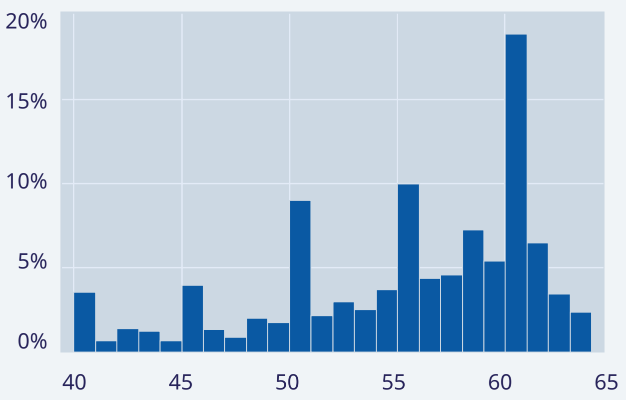


Source: Statistics Korea, Economically Active Population Survey, Supplementary Survey for the Aged.

pronounced contraction, decreasing from 37 per cent in 2008 to 24 per cent in 2023.

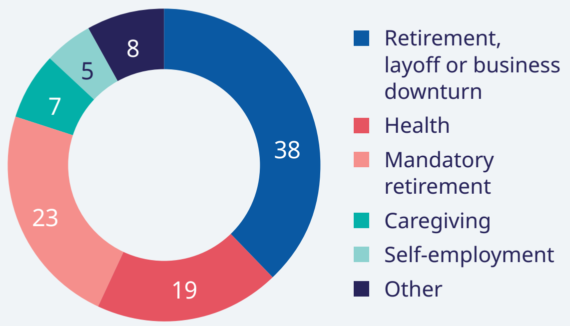
The labour market dynamics for older workers in the Republic of Korea are defined by three major characteristics: (i) a tendency towards early retirement; (ii) high work motivation; and (iii) restricted labour demand. The propensity to retire early from one's main career is of particular relevance. As of 2024, the average age of retirement from the longest-held position for individuals aged 60–64 (under the specific conditions of having previous employment experience, being a wage worker and having ceased work after age 40) stood at 54.9 years (figure 3). This figure falls noticeably short of the statutory retirement age, which is typically 60.

▶ **Figure 3. Distribution of retirement age from the longest-held job for the 60–64 age group (percentage)**



Source: Statistics Korea, Economically Active Population Survey, Supplementary Survey for the Aged.

▶ **Figure 4. Reason for retirement from the longest-held job (percentage)**



Source: Statistics Korea, Economically Active Population Survey, Supplementary Survey for the Aged.

Analysis of the reasons for job separation reveals that involuntary retirement due to company circumstances (for example, retirement/layoffs and business downturns) accounts for the largest proportion at 38 per cent (figure 4). The next leading causes were statutory retirement (23 per cent) and health-related reasons (19 per cent).

Despite experiencing early separation from their main careers, the majority of older workers express a strong desire to work in the future. The proportion of individuals expressing a willingness to continue working ranges consistently between 70 and 80 per cent across different age cohorts: 83.6 per cent for those aged 55–59, 77.1 per cent for the 60–64 group, and 67.6 per cent for the 65–69 group. However, they often face limited career pathways and are predominantly channelled into specific, limited sectors such as transportation, business facilities management and social welfare services. Furthermore, around 40 per cent of enterprises that newly employ older workers are small-scale businesses with fewer than 30 employees.[12] Policy initiatives addressing the older worker labour market in the Republic of Korea are delineated into two primary areas, namely, employment maintenance strategies and re-employment assistance.

Employment maintenance strategies

The central policy direction for employment maintenance is the extension of the statutory retirement age (*jeong-nyeon*). The current Government has articulated plans for a phased extension of the present statutory retirement age of 60 years. Extending the retirement age is designed to safeguard the employment status (including wages and duration) of workers and to reduce the gap between the retirement age and the eligibility age for the National Pension (currently 63, with plans to extend to 65). While the number of workers subject to statutory retirement may be limited, this policy carries significant socio-normative implications.

However, this proposal faces a number of headwinds. Management stakeholders argue that it would increase corporate labour costs, necessitating a fundamental reform of the Republic of Korea's highly seniority-based wage system. Furthermore, and related, some concerns persist that extending the employment duration of older workers and the potential impact on labour costs may exert a detrimental influence on youth employment prospects.

12 Jin Seong-Jin et al., *Demand-Side Analysis of the Labour Market for Older Persons* (Korea Labor Institute Research, 2023).

Re-employment assistance strategies

Prior to the current administration, the concept of re-employment was frequently debated as an alternative to extending the retirement age. Re-employment entails a new contract following the mandatory retirement age (currently 60), conditional upon job reassignment and wage adjustment. This model is exemplified by the mandatory re-employment scheme up to age 65 in Japan. Although re-employment potentially mitigates the financial burden on enterprises compared to outright extension, its limitation lies in the disparity in outcomes (for example, wages and re-employment duration) stemming from variations in labour–management bargaining power across individual companies. Despite the current Government establishing retirement age extension as the core policy, the re-employment option remains a substantial topic of debate within academia and business sectors.

Current efforts in this regard focus on expanding the Re-employment Support Service (RSS) for incumbent workers. The Republic of Korea mandated the provision of RSS in 2020, targeting large enterprises with over 1,000 employees. The mandate requires these firms to offer services – primarily (i) career counselling, (ii) job referral, and (iii) employment/entrepreneurship education – to employees aged 50 or over facing involuntary separation. The current administration plans to broaden the scope of this mandatory service, proposing an extension of the requirement from companies with over 1,000 employees to those with over 300 employees.

The mandatory RSS framework has yielded demonstrable results, as the numbers of participating firms and workers has increased substantially. Firm participation rose from 35.2 per cent in 2020 to 59.8 per cent in 2022; whereas worker participation rose from 26.4 per cent to 59.6 per cent over the same period.[13] Yet, structural limitations persist, including the model's reliance on companies bearing the costs, its weak enforcement mechanism (as there are no punitive measures for non-compliance) and concerns regarding the quality of the services delivered. Three key directions for the reform of RSS are put forward: (i) periodic implementation; (ii) operation primarily via external commissioning and vouchers; and (iii) cost-sharing through the Employment Insurance Fund.[14] The rationale for redesigning RSS is based on its similarity to health screenings. Early retirement and declining health are common life-cycle risks, and regular preventative checks are most effective. Therefore, it is proposed to structure the RSS system akin to a health examination, including periodic delivery (for example, every three years for all workers after age 48) and a shift in operation toward external commissioning rather than internal company programmes. The enhancement of service quality requires an increase in service expenditure. It is proposed that this cost escalation be met not solely by the employer, but through a cost-sharing mechanism utilizing the Employment Insurance Fund.

The use of the Employment Insurance Fund in this respect is justifiable, given that the Fund's purpose includes unemployment prevention, employment promotion and re-employment support. Furthermore, both employees and employers, who contribute to the Fund, stand to benefit, and precedents for leveraging employment insurance resources exist in other countries, such as Japan. The core contention surrounding this proposal is whether the Employment Stability and Vocational Ability Account levy, a distinct component within the Fund, can be justifiably increased. Observing that the rate applied to firms with over 1,000 employees was raised from 0.65 per cent to 0.85 per cent in 2010, there appears to be a degree of latitude for future rate adjustments.

13 Ji Eun-Jeong et al., *Current Status and Improvement Measures of Reemployment Support Services* (Korea Employment Information Service, 2024).
14 Ji Eun-Jeong et al.

Table 2. Discussion on the utilization of the Employment Insurance Fund

Isuue	Case for utilization	Case against utilization
Alignment with statutory purpose	The initiative aligns with the explicit objectives of employment insurance, which include the prevention of unemployment, employment promotion, and re-employment support.	Providing support prior to job separation (i.e., before the insured event occurs) is inconsistent with fundamental insurance principles of providing coverage after a loss event.
Policy effectiveness	Utilizing the Fund is projected to result in effective outcomes, specifically the prevention of job loss and the reduction of subsequent unemployment duration.	The efficacy of the proposed scheme in achieving unemployment prevention or duration reduction remains uncertain.
Financial Legitimacy	The benefit accrues to both contributing stakeholders - namely, the employees and the enterprises - who fund the employment insurance scheme.	This measure shifts the financial responsibility for corporate human resources management duties onto public funds (the Employment Insurance Fund).
Equity and Fairness	Early retirement is identified as a common risk that is applicable to all subscribers across the entire insurance system.	The benefits are disproportionately concentrated among large enterprises and regular employees, raising concerns about equity relative to the entire subscriber base.
International Precedent	There is an existing international example of fund use, specifically the utilization of employment insurance resources in Japan.	Simple comparison with international cases is challenging due to inherent differences in national and institutional contexts.

Source: Jin, Seong-jin. 2025. Labor Force Participation of Older Adults. Seminar handout, Korea Labor Institute, "37th Anniversary Seminar," p. 55.

Improvement measures for family care support systems in response to demographic changes

Diagnosis of the problem: Low awareness, low utilization rate and systemic limitations

The legislative framework in the Republic of Korea guarantees employees several provisions for family care, specifically Family Care Leave (FCL), Family Care Breaks (FCB) and Reduced Working Hours for Family Care. While FCL was introduced in 2007, FCB and Reduced Working Hours are more recent additions from 2019.[15] These mechanisms are crucial for securing employees' work–life balance by preventing involuntary career breaks and guaranteeing continuity of care. Despite this critical role, both the awareness and utilization rates of these schemes remain profoundly low.

Data from the Ministry of Employment and Labour's 2023 Work–Family Balance Survey clearly illustrates this awareness deficit. The proportion of respondents who reported being "well aware" of each family care provision was less than one in four – for FCL it was 23.7 per cent, FCB – 23.4 per cent, and for Reduced Working Hours – 20.5 per cent.[16] This contrasts sharply with the 55.7 per cent awareness reported for parental leave, highlighting a significant knowledge disparity. Furthermore, a 2024 survey revealed substantial difficulties in utilizing these schemes, with 70.5 per cent of non-regular employees (compared to 51.3 per cent for regular employees) reporting difficulties

15 Republic of Korea, Act on Equal Employment and Support for Work-Family Reconciliation, articles 22-2 to 22-4.
16 Republic of Korea, Ministry of Employment and Labor, *Survey on the Current Status of Work-Family Reconciliation*, 2023.

in usage.[17] This figure stood at 72.1 per cent in workplaces with fewer than five staff, compared to 41.6 per cent in larger enterprises. As such, the evidence demonstrates that scheme utilization is markedly more challenging for non-regular workers and those employed in smaller enterprises.

The domestic context is defined by rapid demographic shifts, including smaller household sizes, diversification of household composition, a surge in single-person and older-person households, and a decline in child-based households.[18] These trends augment individual's care burdens, driving an increase in overall demand and diversification in the required forms of support.

The persistently low utilization is thus attributable not only to employment type and enterprise size barriers but also to fundamental limitations inherent in the policy's design. The primary limitations of the current family care support legislation include:

Restrictive scope of "family" as care recipient

The legal definition of eligible care recipients remains confined to a traditional concept based on legal marriage and consanguinity: "grandparents, parents, spouse, spouse's parents, children, or grandchildren". Despite the 2019 expansion to include grandparents and grandchildren, the definition lacks the flexibility to account for contemporary household diversity.

Absence of income replacement during use

All family care support mechanisms are unpaid in principle. This lack of income protection incentivizes employees to prioritize the use of schemes that ensure income security, such as paid annual leave, before accessing dedicated care provisions.

Limitations in guaranteeing scheme usage

The statutory right to care support is undermined by the excessive number of "exceptions for employer allowance" specified in the law that permit an employer to refuse an application. Both the sheer quantity and the validity of these legal exceptions require urgent review to ensure workers' entitlements are genuinely guaranteed.

Review of international practices

Sweden

Sweden operates Care Leave for Family and Close Relatives, Urgent Family Care Leave, and Flexible Working for Care. The hallmark of these arrangements is the flexible eligibility, which extends eligible care recipients beyond family members to include close relatives and neighbours, thereby significantly enhancing scheme usability. Crucially, the system offers robust income protection via social insurance, providing approximately 80 per cent of average earnings during care leave. Workers also have a statutory right to request reduced working hours or flexible work for caregiving, with subsidies paid proportional to the reduction.

The Netherlands

Under its Work and Care Act (WAZO), the Netherlands has in place Urgent Leave, Short-Term Care Leave, Long-Term Care Leave, and Flexible Working for Care. The scope of eligible care recipients is notably broad, encompassing registered common law partners, de facto cohabitants and non-family social contacts residing in the same household or neighbourhood. Financial support includes mandatory employer payment during Urgent Leave and a social insurance subsidy of 70 per cent of the average daily wage for Short-Term Care Leave. While Long-Term Care Leave is unpaid, its usage triggers adjustments in other income-linked benefits. Workers with a minimum of 26 weeks of service are also guaranteed the right to request flexible arrangements regarding working hours, location and weekly duration.

Germany

Germany's provisions in this area include Palliative Care Leave (maximum of three months) and Family Care Leave (maximum of six months), supplemented by Urgent Short-Term Leave (maximum of ten days) and Child Sickness Leave (maximum of 15 days), alongside Reduced Working Hours for Family Care (maximum of 24 months). While the scope is narrower than the Swedish or Dutch models, it includes in-laws, registered partners and common law partners. Financial compensation for shorter leaves is substantial: Urgent Short-Term Leave and Child Sickness Leave offer up to 90 per cent of the gross salary (or up to 70 per cent based on health insurance contribution caps) through the social security system. A distinguishing feature is that for

17 Workplace Gapjil 119, *Survey on the Autonomy in the Use of Family Care Leave and Family Care Leave of Absence*, 2024. Online survey of 1,000 employed adults aged 19 and older conducted by Global Research in 2–13 February 2024.
18 Republic of Korea, Statistics Korea, Statistics Research Institute, *Korean Social Trends 2022*, 2022, 63.

the longer unpaid leaves, Germany provides an option to apply for interest-free loans as an alternative support mechanism to offset income reduction.

Policy recommendations for improvement

Broaden the scope of eligible care recipients

Given the diversification of family structures in the Republic of Korea, the legal definition of care recipients must be expanded. Observing the rapid increase in single-person and non-kin households, the country should move towards recognizing socially related cohabitants as care recipients, following the models of Sweden and the Netherlands. As an essential first step, the scope should be immediately expanded to include "cohabitants", aligning with the standard established by the European Union's Directive on Work–Life Balance. This definition must encompass individuals residing in the same household, including those in common law relationships. Broadening this definition is critical for improving scheme accessibility and flexibility.

Introduce income replacement mechanisms

Unlike most international precedents where short-term care leave is financially supported, the current Korean family care schemes offer no provision for a wage subsidy or substitute support. While budgetary constraints pose a challenge, providing economic assistance should be viewed as an investment in a social value – similar to the Government's recent expansion of child-rearing support – promoting gender equality through balanced caregiving. Considering that public sector workers are already guaranteed paid leave for child care (the number of children plus one day), an examination of paid provision for a certain number of days within the FCB scheme is necessary to ensure equity with private sector employees.

Restrict employer exception grounds

To ensure the statutory right to family care support is realized, the current numerous grounds for employer refusal must be severely curtailed. In contrast to the Korean system, Germany and Sweden do not specify employer refusal rights for care leave, and the Netherlands limits refusal to only highly unavoidable circumstances. Given that the refusal clause for Korean parental leave is restricted to "less than six months of continuous employment", the range of permissible employer refusal for family care support must be strictly assessed and minimized to uphold the policy's central objective.

Ensure flexible scheme utilization

The rigidity of the current system must be addressed through several measures:

- **Hourly usage:** FCB is currently restricted to full-day usage; the law should be amended to permit hourly usage to better accommodate individual care needs.
- **Scheme integration:** Mechanisms for combining schemes, such as simultaneously using leave and reduced working hours, must be introduced.
- **Flexibility rights:** Workers providing family or child care should be granted the right to refuse overtime/night work and the right to request flexible working arrangements to better secure necessary care time.
- **Expanded grounds:** The grounds for FCL and Reduced Working Hours must be broadened to include child-rearing, which is currently only listed under FCB. Furthermore, the ground of "disability" must be formally incorporated into all family care support schemes, recognizing the increased challenges faced by workers caring for family members with disabilities.

Separate family care from self-care provisions

The Reduced Working Hours for Family Care scheme currently conflates provisions for family care, personal health maintenance and preparation for retirement/study. Since the policy goals of these reasons are distinct, relying on a single "time reduction" solution is inadequate. Health-related absences are generally covered by social security sick pay in most countries; while professional development is typically addressed via rights like paid study leave.

To align with clear policy intent, the system should be restructured: provisions for family care and worker self-care (health) should be separated, with a dedicated statutory right to "time off when sick" established for the latter. Similarly, independent schemes like study leave or learning accounts must be established to guarantee time for academic pursuits or vocational training.

Conclusion

The Republic of Korea is undergoing a rapid demographic transformation, evolving into a super-aged society in which nearly half of the population is projected to be aged 60 and above by 2044. This profound shift is generating structural challenges, including a shrinking working-age population, persistent labour shortages and rising social welfare expenditures.

To address these challenges, the Republic of Korea will need comprehensive and forward-looking policies that enhance labour market inclusion for vulnerable youth, promote stable and quality employment for older workers and strengthen family care and support systems.

Key policy priorities include diversifying career pathways, extending the statutory retirement age and introducing income replacement mechanisms within family care schemes. These measures can help mitigate the economic and social risks associated with population ageing while supporting a more adaptable and resilient workforce.

The proposed reforms aim to transform demographic transition into an opportunity for inclusive growth and productivity innovation. By investing in long-term skills development, fostering flexible employment opportunities and establishing integrated support systems, the Republic of Korea can reinforce its labour force and sustain economic growth.

Addressing the barriers faced by vulnerable groups – such as non-university-educated youth and older workers – is not only a social imperative but also an economic necessity. Through these efforts, the Republic of Korea can modernize its labour market institutions, broaden workforce participation and build a more inclusive and resilient society in the face of demographic change.

Contact details
ILO Regional Office for Asia and the Pacific
United Nations Building
Rajdamnern Nok Avenue
Bangkok 10200, Thailand

T: +662 288 1234
F: +662 280 1735
E: BANGKOK@ilo.org
W: ilo.org/future-of-work-apac

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