

Aging population means labor shortage

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The volume of Korea's employable population is expected to peak in 2009 before spiraling downward and giving rise to a corporate "productivity crisis," new research has found.

The research, conducted by the Samsung Economic Research Institute, found that corporations will confront three phases of massive restructuring with the first expected to take place this year, the second in 2017 and the last in 2026.

The study on "human resources management plans in the era of aging population and low growth" underscored that an aging society will force changes and challenges on corporations at a faster rate than most assume.

Assuming that the primary working age group is between 25 and 54 years old, the number of employable people in Asia's third-largest economy is forecast to peak in 2009 before it moves to trek downward.

The research claims that those around 45 years of age, a group that had entered the work force in the mid 1980s during Korea's economic boom, will be forced to retire this year because their employers do not foresee any big improvements in the economy or because they have no room for expansion.

Although some in their mid-40s may survive the restructuring, the study says their remaining period of employment will be short considering that most promotions are seen by the age of 45.

The leading private think tank believes the other two big restructuring phases will occur in 2017 and 2026 because each of the years will mark a time when the second and third generation of baby boomers, those born in the early 70s and early 80s, will have reached their mid 40s.

The institute's research said that the work force at big corporations is aging faster than at small and midsize companies, underlining that conglomerates will embark on more job cutting.

Korea has the fastest aging society among the 30 Organisation for Economic Cooperation and Development members, according to the National Statistical Office. It also stressed that Korea falls within the United Nations' forecast of becoming by 2026 a "super-aged society," where people 65 years or older account for more than 20 percent of the population.

As the country's birth rate has been declining, Korea became an aging society in 1999 when people aged 65 and older exceeded 7 percent of the total population.

Government data show that the nation's birth-rate fell to 1.19 in 2003 compared with 1.78 in 1992.

Meanwhile, the life expectancy rate jumped to 75.9 in 2003 from 62.3 in 1971.

An earlier study by Samsung Economic Research Institute forecast that Korea's potential annual growth rate will drop to about 4 percent from 5 percent as society ages and industries struggle with labor unrest.

It also warned that limited growth potential may prevent Korea from realizing its goal of achieving per capita income of \$20,000 and joining the ranks of advanced countries.

To protect livelihoods, the study recommends companies to implement programs that will help employees prepare in advance to make a smooth transition into retirement and set up a special retirement support program.

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