



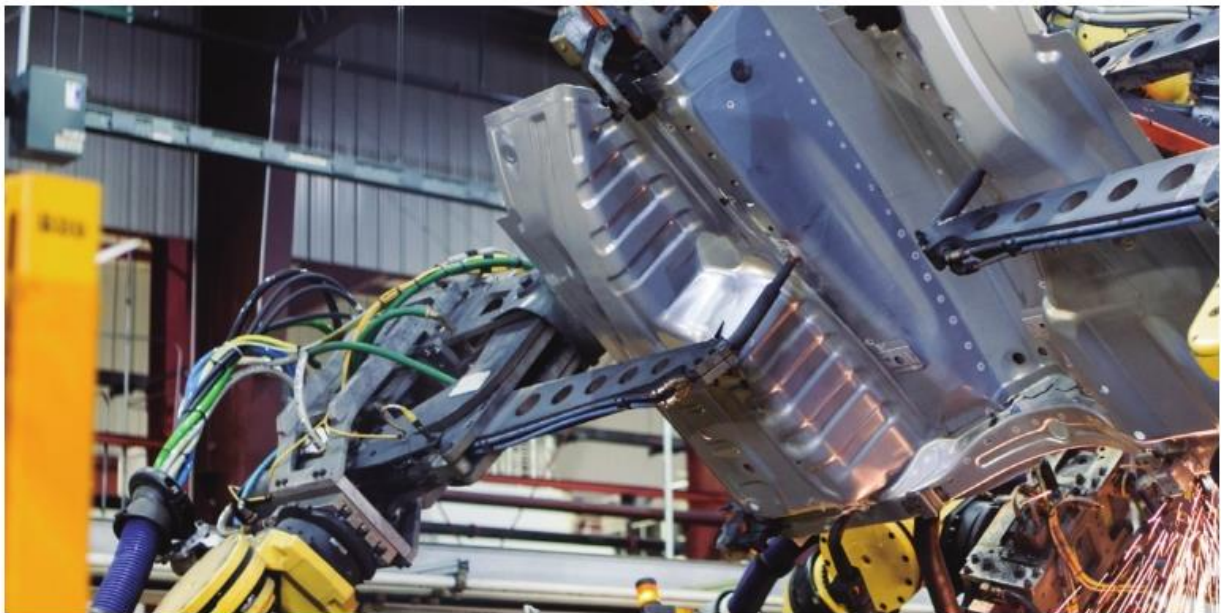
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Slipping Away Labor Productivity Declining in Korea



SEOUL, SOUTH KOREA

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Jung Suk-yeon

The manufacturing sector of Korea is losing profitability at a rapid pace due to the appreciation of Korea's currency that has continued for years and its declining labor productivity.

According to the Asian Productivity Organization, Korea's productivity per hour is at US\$26.50, much lower than that of Japan (US\$36.60), Singapore (US\$42.00), and Hong Kong (US\$40.40). Likewise, the labor productivity per worker is US\$58,700 in Korea on an annual basis, whereas that of Singapore amounts to US\$92,000.

Meanwhile, Korea is one of the countries that pay the most to its employees in Asia. According to the Korea Chamber of Commerce & Industry, the average monthly salary amounts to US\$2,903 in Korea, while those of Japan and Singapore stand at US\$2,522 and US\$2,616, respectively. This is why an increasing number of Korean companies are trying to relocate their manufacturing facilities out of Korea.

Employers point out that tight labor regulations in Korea are reducing labor productivity and increasing their burden. The legal retirement age has recently been extended to 60, but no follow-up has been prepared for wage readjustment. In addition, the number of weekly working hours is about to be reduced from 68 to 52.