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Research Report

Married Women's Continued Participation in the Labor Market and Childbirth: Relevant Factors and Policy Implications

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Married Women's Continued Participation in the Labor Market and Childbirth: Relevant Factors and Policy Implications

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* Based on Kim, Inkyung, *The Effects of Work-family Balance Policies in Korea and Policy Implications*, Policy Study 2017-05, Korea Development Institute, 2017 (in Korean).

Summary

- **This study analyzes the impact of work-family balance policies and men’s contribution in the home to women’s continued economic activities and the fertility rate, and explores policy measures that can lessen the burden incurred by women due to career breaks and having children.**
- **Empirical analysis results show that the work-family balance policies and men’s participation in the home are strongly correlated to women’s continued career and plans for children.**
 - In terms of the average marginal effect, the provision of maternity leave increases the probability of children by 3.0%p while that of parental leave increases the likelihood of women continuing to participate in the labor market by 4.0%p.
 - Compared to full-time workers, voluntary and non-voluntary part-time workers are 5.8%p and 4.9%p less likely to continue with their economic activities while only voluntary workers are 2.0%p more likely to have children.
 - A 50%p increase in the proportion of husband’s housework hours in the couple’s total raises the probability of women continuing their careers by 3.5%p.
- **To improve the accessibility of programs, the coverage rate of employment insurance must be expanded as well as ‘smart labor inspections’ and consultation services.**
 - Currently, only insured workers are entitled to paid maternity/parental leave and reduced working hours for childcare.
 - The government should actively engage in promoting the available systems that can assist uninsured workers to obtain benefits. Also, more labor services should be provided that offer consultation services for possible problems and difficulties incurred during the use of the programs.
 - Smart labor inspections investigate workplaces suspected of failing to provide proper support to insured pregnant female employees and their families.
 - Employers should be provided with the knowhow on assigning specialized tasks to existing employees and finding replacements to handle the remaining duties.
- **In order to enhance men’s participation in the home, bonuses for men taking parental leave and increasing the income replacement ratio for shorter leaves should be considered.**
 - At present, men cannot receive their bonuses even if they are taking parental leave instead of their spouses because they are uninsured or refused by their employers.
 - Another measure that is worth consideration is increasing the income replacement ratio for men taking shorter parental leave based on the fact that men expect higher income security during leave and usually take shorter parental leave than women.

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Introduction

- **Korea’s fertility rate and number of economically active women remain subpar despite the government’s ongoing efforts to pursue policies that promote men’s participation in the home and a work-family balance.**
 - Work-family balance policies are designed to reduce the opportunity costs—which are tied to economic activity—incurred by parents in order to help them find harmony between work and child-rearing, with particular emphasis placed on bolstering women’s participation in the labor market and childbirth (Schleutker, 2014, p.200).

2

Support for a Work-Family Balance and Men's Participation in the Home

- Korea's fertility rate fell to a record low of 1.08 children per woman in 2005. Accordingly, the government implemented programs to help women find a balance between their careers and family-life including fixed-rate pay during parental leave, shorter working hours, paternity leave and parental leave bonuses for men, etc.
- However, Korea's female labor force participation rate has stalled at around 60% which is far below European countries such as France and Germany (low 80%), Japan and the US (both at mid-70%).
- Korea's fertility rate is on a continued downward trajectory with 1.04 children per woman expected in 2017 from 1.2 since 2010 (Statistics Korea, Aug. 23, 2017).

■ **Using the Korean Longitudinal Survey of Women and Family (KLoWF), this study analyzes the effects of the aforementioned policies and men's involvement in the home (excluding childcare) on women's continued participation in the labor market and the fertility rate. Thereafter, policy suggestions are presented to alleviate women's burden from career breaks and children.**

- Policy discussions in this study are limited to three work-family balance policies: maternity leave, parental leave and reduced working hours for childcare—men's participation in childcare was excluded due to limited data (KLoWF).

■ **Pay for maternity/parental leave and reduced working hours for childcare are only given to insured workers (employment insurance) who have met the requirements for the insured period.**

- To be eligible, workers must have been insured for at least 180 days before the end of maternity leave or before the start of parental leave/reduced working hours for childcare.

■ **Parental leave bonuses for men pertain to cases wherein parents take leave in succession to care for the same child and the second person—usually the father—receives more pay.**

- The pay for parental leave is 80% of the monthly wage for the initial three months and 40% for the remaining period. On the other hand, that for the second parent taking leave is 100% for the initial three months.

■ **An examination into the respective programs reveals that while a significant number of women take maternity leave, the share of men on paid parental leave is low as is the number of employees with reduced working hours for childcare.**

- As of 2015, 84.6% of all health-insured female employees received maternity leave pay.
- As of 2017, 13.4% of those on paid parental leave were men (Ministry of Employment and Labor, Jan. 26, 2018)—lower than Sweden (45%, as of 2016) (Blum *et al.*, 2017, p.397).¹⁾
- As of 2016, a total of 89,795 employees took parental leave while merely 2,761 reduced their working hours for childcare.

■ **The government provides subsidies to companies that participate in work-family balance policies. However, many remain unaware.**

- Subsidies are given to companies that offer parental leave and reduced working hours.
- Additional subsidies are granted to those that hire temporary replacement employees.

1 No data available regarding the percentage of those taking parental leave among the (health and employment) insured with children, and hence cannot be confirmed.

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Factors Related to Married Women's Continued Economic Activities and Childbirth

○ According to the 2016 Work–family Balance Employer Survey, 36.0% and 45.8% were unaware of subsidies for the implementation of parental leave and replacement hiring, respectively (Kim *et al.*, 2016).

■ **Although the total housework hours of dual-income households have decreased, little has changed in the past decade as women are still responsible for the majority of the housework.**

- In Statistics Korea's Time Use Survey, housework hours include the time spent preparing meals, doing laundry, cleaning, car maintenance, shopping and running errands to the bank/municipal offices, etc.
- The housework hours for women in dual-income households from the couple's total housework hours are estimated to have slightly decreased from 88.7% in 2004 to 84.9% in 2014.

■ **Based on the KLoWF, this study analyzes the relation between work-family balance policies and men's contribution to housework and women's continued economic participation and the fertility rate.**

- A family panel for women was used which tracks women aged 19–64 in nationally representative households in 2007–2015.
- Analysis samples are married female income earners aged 20–45 (3,209) who are entitled to both maternity and parental leave.

■ **In terms of the average marginal effect, women are 3.0%p more likely to have children at companies that offer maternity leave and 4.0%p more likely to continue to participate in the labor market at companies that provide parental leave.**

- Maternity leave likely plays a major role in women's decision to have children but parental leave is vital for the continuance of their economic activities.

<Table 1> Analysis of Factors Related to Women's Continued Participation in the Labor Market and the Fertility Rate

(Unit: %p/100)

| | Continued labor | Fertility rate |
|--|-----------------|----------------|
| Workplaces with maternity leave | – | 0.030 |
| Workplaces with parental leave | 0.040 | – |
| Voluntary part-time work | -0.058 | 0.020 |
| Non-voluntary part-time work | -0.049 | – |
| Men's share of housework hours in couples' total housework hours | 0.065 | – |

Note: 1) The Bivariate Probit model is applied taking into account the correlation between women's continued participation in the labor market and decisions to have children.

2) The following variables were additionally controlled: women's age, education level, their mothers' employment status at 15yrs, regular status, attitude towards women's economic activity, business size, workplace type, industry, men's education level, whether their parents provide support in the home, spouses' average weekly working hours, plans for more children, whether the child is a son, number of children, spouses' income (couple's income when analyzing the decision to have children), feeling burdened at work due to housework, spouses' perceptions about working women, unemployment rate by city and province, survey year and residence by city, province and year. There could be other variables that were not observed.

3) Figures are the average (average marginal effect) of the changes in the probability of women's continued economic activities and decisions to have children when there is a one unit increase in the variable of respective observations. They are statistically significant at the 5% level; '–' denotes no significance. A 1%p increase in men's housework participation causes a 0.07%p increase in the likelihood that women will continue their careers, meaning that a 50%p increase in men's housework participation equals 3.5%p (50*0.07).

Source: Korean Women's Development Institute, 1st-5th Korean Longitudinal Survey of Women and Family (in Korean).

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Policy Implications

■ **Compared to full-time workers, voluntary and non-voluntary part-time workers are 5.8%p and 4.9%p less likely to continue their economic activities. Meanwhile, only voluntary workers are 2.0%p more likely to have children.**

- Part-time workers who are unwilling to switch to full-time are regarded as voluntary part-time workers.
- Part-time employment often entails low job satisfaction but may be preferred when planning to have children.

■ **A 50%p increase in the proportion of men's housework hours in the couple's total is expected to increase the likelihood that women continue to work by 3.5%p.**

- Housework hours in this study exclude caregiving hours, and as such, it is assumed that the fertility rate increases only when there is an increase in men's participation in childcare.

■ **The coverage of employment insurance must be expanded further in order to ensure that more people benefit from maternity/parental leave and reduced working hours for childcare.**

- Only 74.3% of women aged 20–45 who are eligible for employment insurance are registered as of 2016.
- The percentage of insured female workers is particularly low in small-sized workplaces and for part-time employment (42.3% in workplaces with 1–4 employees, 73.0% in workplaces with 5–9 employees and 25.6% in part-time employment). This implies that there may be difficulties in meeting the required period for the programs.
- In cases where employers fail to register employees for insurance coverage, the government should make more active efforts to inform them of their right to the programs through confirmation of their working status.

■ **To minimize the difficulties faced by insured workers in benefiting from the work-family balance programs, the government should expand its smart labor inspections and help workers seek relief and resolutions via labor consultation services.**

- As of 2016, 153,000 pregnant workers are registered for health and employment insurance, among whom 55,000 (35.9%) have left the labor market before giving birth.²⁾
- However, only 66 cases of businesses violating maternity and parental leave laws were identified by smart labor inspections (Ministry of Employment and Labor, internal data, Aug. 24, 2017).
 - Through the National Health and Employment Insurance Service database, smart labor inspections investigate companies/workplaces including those suspected of failing to grant maternity leave; those that have a low percentage of employees taking parental leave compared to the number of employees that have taken maternity leave and; those suspected of unfairly dismissing employees on the grounds of pregnancy, childbirth or child-rearing, amongst others.
- More labor services should be offered through which workers could become better informed about work-family balance programs and be provided with advice and resolutions.

² Chang, Jiyeun, KDI internal meeting material, Aug. 24, 2017 (in Korean).

■ **Reduced working hours for childcare enable women to continue working after having children. Thus, the government should educate employers on assigning tasks and distributing gains while employers make more efforts to coordinate and schedule working hours and exchange programs.**

- Work–family balance programs contribute significantly to securing a high quality labor force, improving productivity and enhancing corporate image (Kim *et al.*, 2009).
- In order to improve the job satisfaction of part–time employees, their wages and welfare need to match those of full–time employees, and this means that the program for reduced working hours for childcare must be set in place.
- Employers are unwilling to grant reduced working hours for childcare due to concerns over increasing the workload of other employees and difficulties in hiring competent replacements (Kim *et al.*, 2016).
- Employers need to be provided with the knowhow on assigning specialized tasks to existing employees and finding replacements to handle the remaining duties (Kang *et al.*, 2016; Lee *et al.*, 2016).
- Employers and managers should adjust schedules so that the collaboration and teamwork between employees are not negatively affected by reduced working hours (Yoon, 2015; Hwang and Park, 2014).

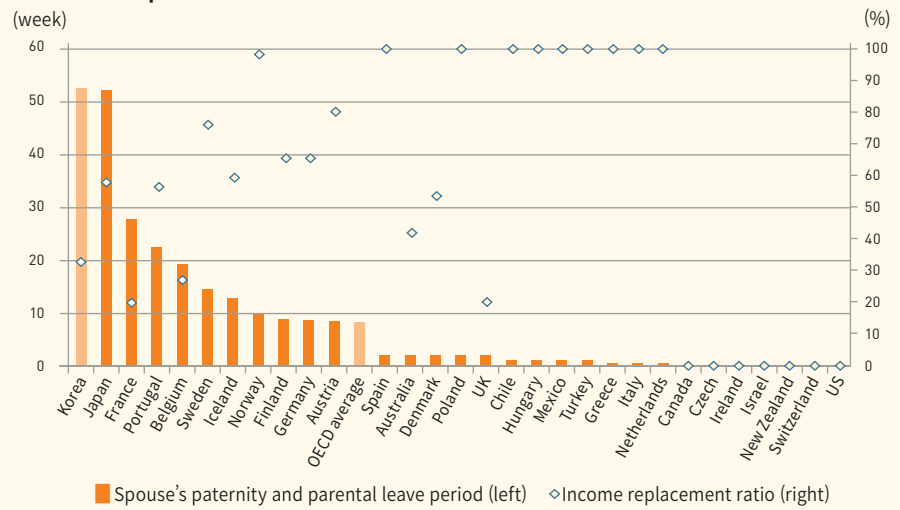
■ **The government should strengthen efforts to promote available subsidies in order to improve employers’ perceptions about work–family balance programs.**

- Concerns over the excessive workload of other employees and hiring replacements probably derive from a lack of awareness about government subsidies.

■ **To enhance their participation in the home, men should be encouraged to take parental leave. To that end, measures such as bonuses for men’s parental leave and increasing the income replacement ratio of those taking shorter parental leave should be considered.**

- Men who take parental leave tend to contribute more to household chores and sons with fathers who participate in housework are more inclined to also engage, suggesting that parental leave for men could help dismantle the gender stereotyping that exists across the generations (Almqvist and Duvander, 2014, Cunningham, 2001).
- Bonuses are currently not offered to men who take leave instead of spouses who are unable to take parental leave because they are uninsured or refused by their employers.
- Men want higher income security during their parental leave and their leave is shorter than women. Accordingly, a higher income replacement ratio for those taking shorter parental leave should be considered taking into account the quality of childcare the child will receive after the leave period expires.
 - Paternity and parental leave for men in Korea totals 52.6 weeks, which is the longest among OECD nations while the income replacement ratio marked a low 32.8% in 2016, suggesting that there is some room for adjustment in terms of the leave period and income replacement ratio (Figure 1).
 - In Norway, parents are entitled to 49 or 59 weeks of maternity and parental leave in total. The income replacement ratio is 100% for 49 weeks and 80% for 59 weeks (Blum *et al.*, 2017).

[Figure 1] Pay and Period of Spouses' Paternity/Parental Leave and Income Replacement Ratio in 2016: OECD Countries



- Note: 1) Regarding the 'family entitlement' option—wherein parents can divide the parental leave period—the period remaining from the men's leave (e.g. 10 weeks in Norway) is regarded as the mother's parental leave.
- 2) The income replacement ratio refers to the percentage of pay for spouses' paternity and parental leave compared to the average income in each country as of 2015.
- 3) The latest 2016 average income data was used. When taking into account the scheduled changes (2019) in the paternal leave for men—100% coverage for the initial three months (max. 2 mil. won) and 50% for the remaining nine months (max. 1.2 mil. won and min. 0.7 mil. won)— the income replacement ratio is estimated to be 39.0%. The ratio goes up to 41.7% in 2022 when the additional 10-day leave period is considered.

Source: OECD Family Database (<http://www.oecd.org/els/family/database.htm>, last access: Apr. 24, 2017).

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