

Enhancing the Efficiency of Fiscal Spending on Promoting the Employment of Women

December 2018

Sungmun Choi
Nayoung Kim

Korea Institute of Public Finance

336, Sicheong-daero, Sejong-si, Korea

Tel: 82-44-414-2114 Fax: 82-44-414-2179

URL: www.kipf.re.kr

© 2018 KIPF

Enhancing the Efficiency of Fiscal Spending on Promoting the Employment of Women

December 2018

Sungmun Choi · Nayoung Kim

Contents ■ ■ ■

I . Introduction	7
II. Women’s Employment & Work-Family Balance Today	9
1. Women’s Employment	9
2. Work-Family Balance	13
A. Policy Support	13
B. Work-Family Balance Today	17
3. Literature Review	23
III. Effects of Policy Support on Women’s Decision to Remain in the Working World	26
1. Work-Family Balance Policy & Women’s Labor	26
2. Implications	33
IV. Women’s Employment: The Employer’s Perspective	35
1. Overview of the Poll	35
A. Targets & Scope	35
2. Findings	36
A. Flexible Work Arrangements	36
B. Maternity & Parental Leaves	37

Enhancing the Efficiency of Fiscal Spending on
Promoting the Employment of Women

3. Empirical Analysis	40
A. Data & Method	40
B. Results of Analysis	42
4. Implications	48
V. FGIs with Employers on the Employment of Women	50
1. Overview	50
2. Findings	50
VI. Conclusion	53
Bibliography	57

List of Tables ■ ■ ■

<Table II-1>	Rates of Women's Employment by Age: OECD-Wide Comparison (2016)	11
<Table II-2>	Maternity Leave	18
<Table II-3>	Paternity Leave	19
<Table II-4>	Parental Leave	20
<Table II-5>	Reduced Work Hours for Childcare	21
<Table II-6>	Family Care Leave	22
<Table II-7>	Flexible Work Arrangements	23
<Table III-1>	Categorization of Participating Women	27
<Table III-2>	Number of Children & Discontinuation of Career	28
<Table III-3>	Women Who Continued to Work (A) Vs. Women Who Discontinued (B)	29
<Table III-4>	Probability of Continuing to Work (Probit, Availability of Support Measures)	31
<Table III-5>	Probability of Continuing to Work (Probit, Ease of Using Available Support Measures)	32
<Table IV-1>	Cumulative Number of Maternity Leave Takers & Factors	43
<Table IV-2>	Cumulative Number of Paternity Leave Takers & Factors	45
<Table IV-3>	Cumulative Number of Parental Leave Takers & Factors	47

List of Figures



[Figure II-1]	Women's Employment Rates by Year & Age	10
[Figure II-2]	Rates of Women's Employment in Major Countries (2016)	12
[Figure IV-1]	Cumulative Numbers of Workers Taking Maternity, Paternity & Parental Leaves	41



I

Introduction

Korea's plummeting birth rate and the accelerated aging of its population are draining the nation's economy of its vitality and fueling worries about the future sustainability of national finance. The shrinking working-age population is expected to slow down economic growth, while the increase in the number of elderly dependents will inevitably increase public social spending dramatically. According to recent demographic statistics and projections, the en masse retirement of baby boomers will likely exert an almost unbearable pressure on fiscal resources.

Immense fiscal resources have already been invested in finding solutions to these problems, but to no definitive effect so far. One of the major obstacles to success is the absence of an appropriate work-family balance. As South Korean society experienced compressed, rapid economic growth over the decades, much of the law remains favorable to businesses and employers rather than workers. The brevity of the history of democracy in Korea also means that a patriarchal working culture still prevails in this country. The impossibility of sustaining a viable work-family balance is what compels many women, even today, to quit working after they marry or have children. There are also women choosing the other extreme, i.e., avoiding either marriage or childbirth in an effort to remain in their careers.

Given this reality, establishing a better work-family balance in Korea could go a long way to bringing the economy back from the predicament it faces today. Compared to other advanced economies, far fewer women are hired in Korea. As marriage and childbirth are the major reasons for ending careers for

many women, the women's employment curve in Korea follows an M pattern. If, with a more balanced work culture, women are able to maintain their careers after marriage and having kids, they will be able to participate more actively in the Korean economy and help it grow significantly. If, moreover, the establishment of a better work-family balance allows women to raise children without worrying about their career prospects, the national population will begin to increase again, benefitting the economy and national finance in the long run.

In order for a better work-family balance to become the norm in Korea's culture and its workplaces, it is crucial to identify what support women and businesses need to implement policy towards providing that support. Much of the existing literature, however, focuses only on women's needs or business needs, to the exclusion of the other. This study seeks to look at both sides with a view to providing a comprehensive explanation on the policy support needed for both. The objective of this study is to determine and analyze the disparity between women's needs and those of business, and identify possible policy solutions to reduce that disparity.

II

Women's Employment & Work-Family Balance Today

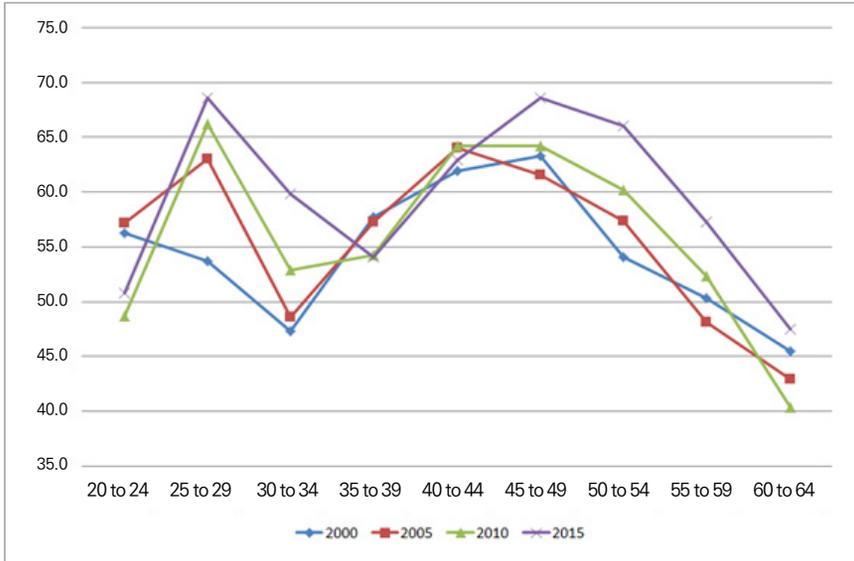
1 Women's Employment

The pattern of women's employment in Korea takes on an M shape on graphs, with the rate of employment dropping around age 30 as women marry and begin to have children, picking back up as women enter their late 40s, when they no longer have to care for young children and are able to return to work.

[Figure II-1] charts the changing rates of women's employment in Korea in the years 2000, 2005, 2010, and 2015, by age. In all compared years, women's employment retains this M-shaped pattern. Nevertheless, the overall rates of women's employment are higher toward the latter years, with the increase in these rates particularly noticeable for women in their 40s and 50s. However, it is still clear from the graph that marriage and having kids cause women's employment rates to fall most abruptly. The inability to continue their careers is not only a loss to women, but also to the entire national economy. Women compelled to leave workplaces in their 30s and who seek to re-enter the job market in their 40s and beyond also settle for employment that requires less skill and pays less than the jobs they held previously. This discontinuity thus entails both the loss associated with leaving the workforce, as well as the loss of opportunities for women to accumulate further experience and resources that will help with career advances later in life.

[Figure II-1] Women's Employment Rates by Year & Age

(Unit: %)



Source: Statistics Korea, Economically Active Population Surveys (http://kosis.kr/stat.html/stat.html.do?orgId=101&tblId=DT_1DA7012&conn_path=3, retrieved July 26, 2017).

<Table II-1> lists the rates of women's employment by age in the member states of the Organisation for Economic Cooperation and Development (OECD). In Korea, these rates remain lower than their counterparts elsewhere with respect to almost all age groups. While employment rates for women 25 to 29 and 60 to 64 in Korea remain higher than the OECD average, they are more than 10 percentage points below the OECD average for women 35 to 39.

〈Table II-1〉 Rates of Women's Employment by Age: OECD-Wide Comparison (2016)

(Unit: %)

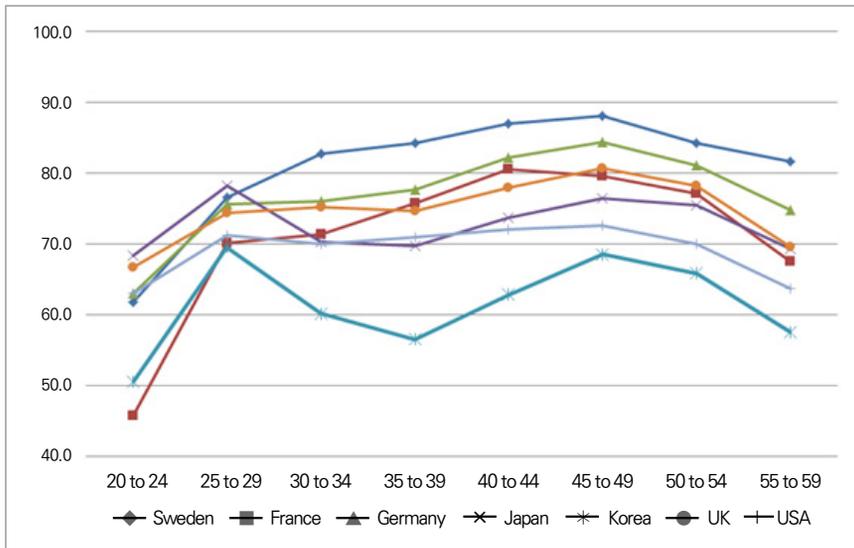
Country	15-64	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64
Australia	67.4	47.2	69.1	71.9	70.4	70.4	74.8	76.5	74.4	64.9	47.5
Austria	67.7	28.4	66.0	79.8	80.2	78.9	82.3	83.0	79.0	60.0	18.2
Belgium	58.1	4.6	36.8	72.1	74.6	77.1	77.5	75.4	69.8	58.0	20.5
Canada	69.7	42.7	68.5	77.6	76.8	77.4	78.9	79.4	76.7	67.3	45.1
Chile	52.0	9.6	37.8	61.1	66.4	66.7	65.4	65.0	59.5	53.5	39.3
Czech Rep.	64.4	4.2	38.4	64.4	64.8	76.2	86.1	90.2	87.4	76.6	25.5
Denmark	72.0	52.1	67.1	69.5	74.3	78.6	82.5	83.6	80.9	78.6	48.5
Estonia	68.5	13.0	54.4	65.2	67.5	73.2	83.4	89.6	84.3	77.5	55.1
Finland	67.6	25.6	60.0	68.5	68.7	75.6	82.4	83.7	81.2	77.7	48.3
France	61.4	7.8	45.8	70.2	71.4	75.7	80.5	79.6	77.2	67.6	28.3
Germany	70.8	24.6	63.0	75.7	76.0	77.6	82.2	84.4	81.1	74.7	50.8
Greece	43.3	2.0	21.0	48.1	55.3	59.7	60.3	59.9	49.8	35.2	19.0
Hungary	60.2	3.9	41.8	66.1	66.5	73.4	82.6	84.2	81.6	64.7	21.9
Iceland	83.4	74.7	80.1	82.4	80.4	86.7	88.9	89.5	90.3	80.9	77.5
Ireland	59.5	14.8	54.3	72.4	72.1	70.3	68.9	65.7	63.7	58.7	37.5
Israel	65.2	28.0	62.1	72.2	75.1	76.8	76.9	76.7	72.4	67.3	52.5
Italy	48.1	2.2	24.7	46.0	56.5	61.4	62.4	61.3	58.8	50.4	27.8
Japan	66.1	16.5	68.3	78.2	70.3	69.8	73.6	76.5	75.4	69.3	50.8
Rep. of Korea (A)	56.2	8.7	50.6	69.5	60.2	56.5	62.8	68.6	65.9	57.6	48.1
Latvia	67.6	0.0	54.6	75.0	76.8	78.9	81.5	80.9	78.0	72.6	50.1
Luxembourg	60.4	0.0	44.9	84.1	84.3	82.1	80.4	78.8	68.9	49.7	3.8
Mexico	45.1	17.5	40.0	51.1	53.5	54.9	56.1	55.8	49.8	41.8	31.1
Netherlands	70.1	54.6	69.2	80.9	78.8	77.8	77.5	78.1	74.1	64.1	43.2
New Zealand	70.7	36.5	66.3	71.4	72.4	74.2	80.2	82.3	80.5	76.1	64.9
Norway	72.8	35.8	64.0	77.5	78.8	82.0	83.5	82.0	80.7	76.1	62.4
Poland	58.1	3.8	40.4	69.8	73.5	76.1	77.5	78.0	71.8	55.9	19.8
Portugal	62.4	5.2	39.8	73.3	81.1	83.0	80.4	76.6	70.3	58.5	33.3
Slovakia	58.3	3.0	30.6	62.8	64.1	71.9	81.9	82.8	79.1	67.0	20.2
Slovenia	62.6	7.8	41.7	68.1	81.7	83.6	87.1	85.0	79.3	53.3	13.7
Spain	55.1	4.6	30.4	60.9	67.5	70.2	68.8	64.9	59.4	51.9	32.0
Sweden	74.8	26.1	61.8	76.5	82.7	84.3	87.0	88.0	84.3	81.7	65.2
Switzerland	75.4	49.5	74.9	83.9	81.5	80.5	79.7	81.7	80.8	77.0	52.5
Turkey	31.2	15.6	31.5	37.4	38.2	40.2	40.6	35.0	26.1	20.5	15.4
UK	69.5	36.4	66.7	74.3	75.2	74.7	78.0	80.6	78.3	69.6	44.7
USA	64.0	30.1	63.0	71.3	70.1	70.9	72.1	72.5	70.0	63.8	48.5
OECD avg. (B)	59.4	21.1	53.0	66.1	66.2	67.5	69.9	71.1	67.7	60.6	40.8
Gap (A) - (B)	-3.2	-12.3	-2.5	3.4	-6.1	-10.9	-7.1	-2.5	-1.8	-3.0	7.3

Source: OECD Labour Force Statistics (<http://stats.oecd.org/>, retrieved July 25, 2017).

[Figure II-2] charts the rates of women’s employment in major countries around the world. In most cases, except for Korea and Japan, these rates take on a reverse U-shaped pattern. Even when compared to Japan, the overall rate of women’s employment remains quite low and the tendency to leave the workforce due to marriage and childbirth remains strong in Korea.

[Figure II-2] Rates of Women’s Employment in Major Countries (2016)

(Unit: %)



Source: OECD, Labor Force Statistics (<http://stats.oecd.org/>, retrieved July 26, 2017).

2 Work-Family Balance

A. Policy Support

This study divides the policy support measures in favor of work-family for women in Korea into two main categories: those pertaining to childbirth and childcare, and others involving flexible work hours.

1) Policy Support Measures for Childbirth and Childcare¹⁾

a) Maternity leave benefits

Upon promulgating the Labor Standards Act (LSA) in 1953, the Korean government introduced the Pre- and Postnatal Maternity Leave Program, guaranteeing women maternity leave for up to 60 days, to be spread before and after childbirth. The program remained unchanged for decades, until the Korean legislature enacted three statutes on maternity of working women in 2001 (the new LSA, the Act on Equal Employment for Both Sexes, and the Employment Insurance Act), extending maternity leave to 90 days, with employment insurance covering women's wages for the extended 30 days.

Women taking maternity leave are entitled to receive up to KRW 1.35 million per month, an amount that is considered "normal" under the current LSA. Through a number of amendments, employment insurance now pays for the entirety of maternity leave benefits for women working at workplaces on the list of "prioritized subsidy recipients." The same benefits are provided for women taking leave after miscarriage or stillbirth. The maternity leave for women giving birth to more than one child at a time has been extended to 120 days.

1) Based on MOEL (2016b), *White Paper on Employment Insurance: 2016 Edition*.

b) Parental leave benefits

The Employment Insurance Act was amended in 2001 to enable workers to take temporary leaves, while keeping their jobs, to engage in raising their children. Under the amended Act, employment insurance pays the monthly wages of these workers on parental leave. Workers with children aged eight or younger in the home may take parental leave for up to one year. The amount of monthly parental leave benefits was initially fixed at KRW 300,000 in 2003 and raised subsequently to KRW 400,000 in 2004 and to KRW 500,000 in 2007. Since 2001, however, the amounts of parental leave benefits have been determined on a proportional basis, i.e., 40 percent of the normal wage (from KRW 500,000 to KRW 1 million). Furthermore, 25 percent of the total parental leave benefits is paid six months after the parental leave ends.

In 2008, the Korean government also introduced a new statute allowing workers with young children to work shorter hours (15 to 30 hours a week) instead of taking parental leave. Workers on reduced hours are paid the amount of parental benefits determined by multiplying the parental leave benefits by the reduced work hours.

In an effort to encourage more active participation by fathers in parenting, the Korean government also introduced the “Father’s Month” program in 2014. For married couples taking parental leave consecutively, the parent who takes parental leave second is paid 100 percent of his or her normal wage (up to KRW 1.5 million) in the first month as monthly parental leave benefits. Parents working reduced hours instead of parental leave are paid 60 percent of their normal wages.

In 2015, only 5.6 percent, or 4,872, of the 87,339 workers on parental leave were men, indicating that fathers are still far less involved in childcare than mothers in Korea. Although the number of working fathers taking reduced work hours is growing rapidly, from 1,116 in 2014 to 2,061 in 2015, the absolute number of participating fathers still remains staggeringly low.

c) Policy support for daycare at workplaces

In an effort to encourage workplaces to provide daycare facilities and services for their workers, the Korean government has introduced a wide range of policy

support measures specifically catering to workplace daycare. It subsidizes the wages of caregivers, managers, and cooks to the tune of KRW 800,000 per person per month with respect to workplace daycare facilities that meet certain criteria, including: (1) at least one-third of the enrolled wards are children of workers employed by the given workplace; and (2) at least one half of the enrolled wards are children of parents covered by employment insurance, and at least one-fourth of the enrolled wards are children of workers employed by the given workplace. The Korean government also subsidizes the costs of daycare centers at small and medium-sized enterprises (SMEs) in the form of loans and grants.

d) Financial support for workplaces retaining the positions of workers on maternity and parental leaves

The Korean government assists employers that enable employees to take parental leave or work fewer hours to encourage more workers to benefit from these programs while protecting their jobs.

The Employment Support Fund for Maternity and Childcare, for example, enables workers to take parental leave (or work reduced hours) for at least 30 days, and rewards employers that retain employees who return from parental leave for at least six months by giving them KRW 200,000 a month for every such employee they retain. The Korean government's Substitute Workforce Support Fund for Maternity and Childcare also provides KRW 300,000 to 600,000 per month for every worker hired by employers to substitute the worker on leave for at least 30 days starting on the day 60 days prior to the start of that employee's parental leave. In order to be eligible for this subsidy, employers must also retain employees returning from parental leave for at least 30 days. The Employment Support Fund for Maternity and Childcare also incentivizes employers to re-employ non-regular (contract-based or dispatched) workers returning from maternity or parental leave. According to the Fund's operating rules, employers re-hiring such non-regular workers for one year can receive KRW 400,000 per month for the first six months (for a total of KRW 2.4 million) or KRW 400,000 per month for the first six months and KRW 800,000 per month for the next six months (up to KRW

7.2 million) for every such non-regular worker they hire. In order to receive these subsidies, employers must re-hire non-regular workers either immediately upon expiry of their original contracts or within 15 months after those workers give birth to children.

2) Flexible Work Hours²⁾

a) Flexible-hour employment support

The Korean government supports employers with workers on flexible schedules. Specifically, employers that are “prioritized” to receive policy support (KRW 600,000 per month per employee, or KRW 300,000 per month per employee for large corporations) are those with workers on indefinite-term contracts, who are paid 120 percent or more of the minimum wage, are required to work 15 to 30 hours per week, are provided with the four major social insurances, are accorded the same treatment and privileges as full-time workers, and have their work hour records managed by electronic and mechanical means. For such employers, the Korean government subsidizes up to 80 percent or up to 30 employees with employment insurance policies and working flexible hours.

b) Support for conversion to flexible work schedules

The Korean government also incentivizes employers to support their employees seeking to convert to flexible work hour schedules. To be eligible for this support, employers must systematically allow such conversion, enabling these employees to work 15 to 30 hours a week depending on their needs, for at least two weeks, and manage their work hour records using electronic and mechanical means. For qualifying employers, the government provides up to KRW 400,000 per month per employee as a subsidy to prevent wage losses. For SMEs, the Korean government pays them KRW 200,000 per month per employee on a flexible work schedule in the form of subsidies for indirect labor expenses. Finally, SMEs and large corporations

2) Based on MOEL (2017), *Guide on Policy Support for Employers 2017*.

may respectively receive KRW 600,000 and KRW 300,000 per month for every substitute worker they hire to supplement the productivity of workers on flexible schedules.

c) Support for work-family balance

With a view to promoting better work-family balance, the Korean government also supports SMEs that introduce or expand the scope of existing flexible work hour programs for their employees. Up to KRW 5.2 million a year is provided for every employee at these workplaces who arrives at and leaves work later or earlier than others, works on select days or at select hours, works according to a discretionary schedule, and/or works from home or other off-premise location according to the employer's policies. Each eligible SME may receive this subsidy for up to 70 persons or 30 percent of their insured employees (or up to 50 employees for those opting to show up at work later than usual or leave earlier than usual).

d) Support for the development of infrastructure for working from home

The Korean government's plans to support better work-family balance also includes subsidies for the development of infrastructure, at SMEs, for giving workers flexible hours from their homes or other out-of-workplace locations. Up to 25 percent or KRW 20 million of each company's investment in development of a work-from-home system is subsidized, or up to 50 percent or KRW 40 million of each company's investment in the development and acquisition of the necessary equipment and facilities.

B. Work-Family Balance Today

The following analysis of policy measures supporting work-family balance is based on the *Work-Family Balance Fact-Finding Survey 2016*.³⁾

3) The Ministry of Employment and Labor (MOEL) has been conducting the *Work-Family Balance Fact-Finding Survey* every year since 2008, pursuant to the Act on Equal Employment and Support for Work-Family Reconciliation, in order to ascertain the patterns of gender inequality, maternity protection,

1) Maternity Leave

Almost 80 percent of all employers in Korea offer pre- and postnatal maternity leave. However, while this includes 98 percent of companies hiring 300 or more workers, only 55 percent of companies hiring five to nine workers each provide such leave. The proportion of companies that have actually provided maternity leave is smaller, either because there were no eligible workers to benefit from existing maternity leave programs or a variety of reasons that prevented eligible workers from the benefit of maternity leave. Of all employers, 68 percent have provided pre- and postnatal maternity leave. Specifically, only 47 percent of SMEs hiring five to nine workers each have actually provided such leave, as opposed to 95 percent of large corporations hiring 300 or more workers.

〈Table II-2〉 Maternity Leave

(Units: Percentage, number of companies)

		Does your company provide maternity leave by policy?			Has your company actually provided maternity leave?		
		Yes	No	Total	Yes	No	Total
Overall		80.2 (802)	19.8 (198)	100.0 (1000)	68.3 (548)	31.7 (254)	100.0 (802)
Size	5 to 9 workers	55.1 (152)	44.9 (124)	100.0 (276)	47.4 (72)	52.6 (80)	100.0 (152)
	10 to 29 workers	80.6 (229)	19.4 (55)	100.0 (284)	59.0 (135)	41.0 (94)	100.0 (229)
	30 to 99 workers	94.3 (200)	5.7 (12)	100.0 (212)	70.5 (141)	29.5 (59)	100.0 (200)
	100 to 299 workers	96.1 (123)	3.9 (5)	100.0 (128)	87.0 (107)	13.0 (16)	100.0 (123)
	300+ workers	98.0 (98)	2.0 (2)	100.0 (100)	94.9 (93)	5.1 (5)	100.0 (98)

Source: MOEL (2016a), *Work-Family Balance Fact-Finding Survey 2016*, p. 50.

and work-family balance on the Korean job market.

2) Paternity leave

Paternity leave, allowing fathers to temporarily leave the workplace when their wives give birth, exist in 61 percent of workplaces. The granting of paternity leave is also greatly concentrated in larger companies, with 92 percent of companies hiring 300 or more workers providing as opposed to only 34 percent of companies hiring five to nine workers. Again, the proportion of companies that have actually provided paternity leave was also smaller, at only 46 percent of all employers (86 percent of companies with 300+ workers vs. 18 percent of companies with five to nine workers).

〈Table II-3〉 Paternity Leave

(Units: Percentage, number of companies)

		Does your company provide paternity leave by policy?			Has your company actually provided paternity leave?		
		Yes	No	Yes	No	Yes	No
Overall		60.8 (608)	39.2 (392)	100.0 (1000)	46.1 (280)	53.9 (328)	100.0 (608)
Size	5 to 9 workers	34.1 (94)	65.9 (182)	100.0 (276)	18.1 (17)	81.9 (77)	100.0 (94)
	10 to 29 workers	54.2 (154)	45.8 (130)	100.0 (284)	26.0 (40)	74.0 (114)	100.0 (154)
	30 to 99 workers	73.6 (156)	26.4 (56)	100.0 (212)	52.6 (82)	47.4 (74)	100.0 (156)
	100 to 299 workers	87.5 (112)	12.5 (16)	100.0 (128)	55.4 (62)	44.6 (50)	100.0 (112)
	300+ workers	92.0 (92)	8.0 (8)	100.0 (100)	85.9 (79)	14.1 (13)	100.0 (92)

Source: MOEL (2016a), p. 60.

3) Parental Leave

In Korea, 58 percent of employers provide parental leave, but only 27 percent of small companies hiring five to nine workers have such policy, as opposed to 93 percent of large corporations with 300 or more workers. Although 59 percent of all employers have provided parental leave, larger companies are much more likely than smaller ones to have actually provided such leave.

〈Table II-4〉 Parental Leave

(Units: Percentage, number of companies)

		Does your company provide parental leave by policy?			Has your company actually provided parental leave?		
		Yes	No	Yes	No	Yes	No
Overall		58.3 (583)	41.7 (417)	100.0 (1000)	59.0 (344)	41.0 (239)	100.0 (583)
Size	5 to 9 workers	26.8 (74)	73.2 (202)	100.0 (276)	41.9 (31)	58.1 (43)	100.0 (74)
	10 to 29 workers	52.8 (150)	47.2 (134)	100.0 (284)	46.7 (70)	53.3 (80)	100.0 (150)
	30 to 99 workers	73.1 (155)	26.9 (57)	100.0 (212)	50.3 (78)	49.7 (77)	100.0 (155)
	100 to 299 workers	86.7 (111)	13.3 (17)	100.0 (128)	73.0 (81)	27.0 (30)	100.0 (111)
	300+ workers	93.0 (93)	7.0 (7)	100.0 (100)	90.3 (84)	9.7 (9)	100.0 (93)

Source: MOEL (2016a), p. 67.

4) Reduced Work Hours for Childcare

Only 38 percent of all employers in Korea allow, by policy, their workers to work reduced hours for parenting purposes. The proportion of companies providing for reduced work hours is greater among larger companies. Only 27 percent of all employers have actually provided for reduced work hours. While there is no correlation between firm size and whether or not companies have provided for reduced work hours for parents among smaller companies hiring fewer than 300 workers, large corporations hiring 300 or more workers were

far more likely (56 percent) than smaller companies to have actually allowed workers to work reduced hours to engage in childcare.

〈Table II-5〉 **Reduced Work Hours for Childcare**

(Units: Percentage, number of companies)

		Does your company provide reduced work hours for childcare by policy?			Has your company actually provided reduced work hours for childcare?		
		Yes	No	Yes	No	Yes	No
Overall		37.8 (378)	62.2 (622)	100.0 (1000)	27.2 (103)	72.8 (275)	100.0 (378)
Size	5 to 9 workers	15.6 (43)	84.4 (233)	100.0 (276)	23.3 (10)	76.7 (33)	100.0 (43)
	10 to 29 workers	33.1 (94)	66.9 (190)	100.0 (284)	18.1 (17)	81.9 (77)	100.0 (94)
	30 to 99 workers	43.4 (92)	56.6 (120)	100.0 (212)	23.9 (22)	76.1 (70)	100.0 (92)
	100 to 299 workers	60.9 (78)	39.1 (50)	100.0 (128)	17.9 (14)	82.1 (64)	100.0 (78)
	300+ workers	71.0 (71)	29.0 (29)	100.0 (100)	56.3 (40)	43.7 (31)	100.0 (71)

Source: MOEL (2016a), p. 96.

1) Family Care Leave

Approximately 28 percent of employers provide family care leave by policy, with the proportion of employers providing such leaves again greater among larger companies than smaller ones. Of all employers in Korea, 27 percent have actually provided family care leave. With the exception of companies hiring 10 to 29 workers, there was a proportional correlation between firm size and the likelihood of workers to have actually benefitted from family care leave.

〈Table II-6〉 Family Care Leave

(Units: Percentage, number of companies)

		Does your company provide family care leave by policy?			Has your company actually provided family care leave?		
		Yes	No	Yes	No	Yes	No
Overall		27.8 (278)	72.2 (722)	100.0 (1000)	27.3 (76)	72.7 (202)	100.0 (278)
Size	5 to 9 workers	7.6 (21)	92.4 (255)	100.0 (276)	19.0 (4)	81.0 (17)	100.0 (21)
	10 to 29 workers	23.9 (68)	76.1 (216)	100.0 (284)	5.9 (4)	94.1 (64)	100.0 (68)
	30 to 99 workers	31.1 (66)	68.9 (146)	100.0 (212)	19.7 (13)	80.3 (53)	100.0 (66)
	100 to 299 workers	45.3 (58)	54.7 (70)	100.0 (128)	24.1 (14)	75.9 (44)	100.0 (58)
	300+ workers	65.0 (65)	35.0 (35)	100.0 (100)	63.1 (41)	36.9 (24)	100.0 (65)

Source: MOEL (2016a), p. 106.

6) Flexible Work Arrangements

Employers may provide flexible work arrangements for their workers for parenting and family reasons, in the form of selectable work hours, delayed starting hours, flexible work hours, discretionary work hours, and work-from-home arrangements. However, 78 percent of all employers in Korea do not provide these flexible work arrangements by policy. Although there is a general correlation between firm size and the likelihood of one or more forms of flexible arrangements to exist, only 47 percent of larger corporations provide these arrangements by policy. Delayed starting hours, selectable work hours, and flexible work hours were the more popular forms of flexible work arrangements, while only a very few employers provided for discretionary work schedules and work-from-home arrangements.

〈Table II-7〉 Flexible Work Arrangements

(Units: Percentage, number of companies)

		Overall	Selectable hours	Delayed start hours	Flexible hours	Discretionary hours	Work-from-home	None
Overall		100.0 (1000)	11.6 (116)	12.5 (125)	11.6 (116)	3.3 (33)	4.1 (41)	78.1 (781)
Size	5 to 9 workers	100.0 (276)	6.2 (17)	6.2 (17)	5.8 (16)	2.2 (6)	2.2 (6)	88.0 (243)
	10 to 29 workers	100.0 (284)	9.2 (26)	7.0 (20)	5.6 (16)	2.5 (7)	2.8 (8)	84.9 (241)
	30 to 99 workers	100.0 (212)	12.7 (27)	15.6 (33)	16.0 (34)	5.7 (12)	7.5 (16)	74.1 (157)
	100 to 299 workers	100.0 (128)	10.2 (13)	11.7 (15)	16.4 (21)	1.6 (2)	3.1 (4)	72.7 (93)
	300+ workers	100.0 (100)	33.0 (33)	40.0 (40)	29.0 (29)	6.0 (6)	7.0 (7)	47.0 (47)

3 Literature Review

As increasing the participation of women in the job market has become a central policy concern in Korea, the number of studies analyzing the effect of such government policy is on a steady rise.

Jang et al. (2013), for example, provides an analysis, based on the employment insurance database, on how increasing the opportunities of parental leave affects the employment of women. The authors specifically analyzed the effects of increasing parental leave benefits in 2007 and introducing parental leave benefits as percentages of workers' wages in 2011. Increasing the opportunities of parental leave and related benefits may motivate women to maintain their careers after giving birth and while raising children, but may also discourage companies from hiring women due to the increased costs. The authors' analysis shows that, while the proportion of workers aged 25 to 34 took a drop and the proportion of workers aged 40 and older increased during

the analyzed period, the margin of decrease in the number of female workers aged 25 to 34 was actually smaller than was for male workers. The authors thus concluded that, at the very least, increasing parental leave and benefits did not affect women's employment adversely. Nevertheless, the rates of women returning to the same workplace and career after parental leave were shown to be on steady declines, suggesting that policy measures supporting maternity were insufficient to protect and enhance job security for women.

Kim et al. (2013) involved focus group interviews with women who had quit their careers, women who had returned to work, and the human resource department managers of corporations on how increasing flexible work arrangements (selectable work hours) affected the employment of women. The authors proposed clarification and institutionalization of selectable work hours, determination of eligible workers, measures for increasing company need for selectable work hours, introduction of measures tailored to different firm sizes, the development and spread of occupational types and tasks suitable for selectable work hours, and the spread of reduced work hours for parenting and childcare as needed to popularize selectable work hours.

Kim et al. (2014) drew from government surveys on work-family balance, business panels, and the economic activities of women who had quit their careers in order to analyze the effects of government policies supporting work-family balance. The authors confirmed that relatively few women and employers used the legally-guaranteed measures designed to protect work-family balance, and that the likelihood of women to benefit from these measures decreased if they worked for small companies, in non-regular jobs, and in the private sector. The authors revealed that parental leave, reduced work hours for parents, and support from family with childcare were factors that significantly enhanced the likelihood of women to maintain their careers. The marginal effect of reduced work hours was greatest, followed by family support and parental leave.

Kim et al. (2016) conducted an opinion poll on the status of parental support measures in use and their effects on women's employment, which revealed that over 70 percent of women considered quitting their careers due to the difficulty of reconciling their work life and family. The availability of reduced work hours and other such flexible arrangements at workplaces was shown to significantly increase the number of hours working women could spend with their children.

There are also an increasing number of studies analyzing the effects of measures in support of work-family balance not only on women's employment, but also on company performance.

Ahn and Shin (2010) based their analysis on the Women's Workforce Panel Surveys. The authors showed that menstruation leave, family care leave, and subsidies for parental expenses enhanced the financial performance of businesses, and that menstruation leave and parental expense subsidies also reduced the turnover rate of women workers. The authors' analysis, on the other hand, revealed work-from-home arrangements to have an adverse effect on the financial performance of businesses. Their analysis of the bundle effects of maternity support measures and flexible work arrangements showed that, while the former improved the financial performance of businesses and reduced the turnover rates for women workers, the latter had exactly the opposite effect.

Kim (2011) provided an analysis, based on the Business Panel Surveys, of how family-friendly measures affected business performance, confirming that flexible work arrangements and reduced work hours improved the productivity of workers in general, and maternity support measures reduced turnover rates for women workers.

Hong (2016), too, drew from the Business Panel Surveys to analyze how family-friendly measures affected business performance. Her analysis demonstrated that certain combinations of family-friendly measures increased company revenue and improved the product and service quality, while reducing women workers' turnover rates.

Most existing studies affirm the positive impact of measures in support of work-family balance on increasing women's participation in the Korean economy. Many also confirm that these measures positively affect business performance by enabling women to maintain their careers, develop further experience and motivate them to continue working.

III

Effects of Policy Support on Women's Decision to Remain in the Working World

1 Work-Family Balance Policy & Women's Labor

In order to examine the effects of work-family balance policy on women's decision to leave or remain in the job market, we based our analysis mainly on data provided by the Survey on the Economic Activity of Women and the Job Market (2016). The Korean Women's Development Institute (KWDI) and Statistics Korea together conduct this survey every three years upon request from the Ministry of Gender Equality and Family (MOGEF), with the first survey taking place in 2013.⁴⁾ The second survey, which took place in 2016, asked 4,835 women aged 24 to 54 to answer a variety of questions regarding makeup of their families, their economic activities and those of their spouses, and their past and current jobs. The participating women were divided into six categories, as shown in <Table III-1>, depending on their past and current employment status.

4) KWDI designs the draft questionnaire, which Statistics Korea then reviews and approves, then designs the samples, conducts the actual survey, and cleans the data. The survey results are then returned to KWDI for further analysis and report. See MOGEF (2016), *Survey on the Economic Activities of Women and the Job Market 2016: Survey Analysis* for more information.

〈Table III-1〉 Categorization of Participating Women

Description		Type
Unemployed	– Women who have never been employed; – Women who have not been compelled to quit their jobs due to marriage, pregnancy, childbirth, childcare, or family reasons.	A (N = 831)
	– Women who have had to quit their jobs due to marriage, pregnancy, childbirth, childcare, or family reasons, and who remain unemployed afterward.	B (N = 876)
	– Women who have had to quit their jobs due to marriage, pregnancy, childbirth, childcare, or family reasons, and who have held jobs afterward, but are not presently employed.	C (N = 233)
Employed	– Women who have had to quit their jobs due to marriage, pregnancy, childbirth, childcare, or family reasons, and who still work at the first jobs they found after returning to the job market.	D (N = 564)
	– Women who have had to quit their jobs due to marriage, pregnancy, childbirth, childcare, or family reasons, and who work at jobs other than the first jobs they found after returning to the job market.	E (N = 317)
	– Women who have never quit their jobs due to marriage, pregnancy, childbirth, childcare, or family reasons, and who continue to work.	F (N = 2,014)

Source: KWDI and Statistics Korea (2016), *Survey on the Economic Activity of Women and the Job Market*, p. 6 (edited and arranged into the table by the authors).

Category A consists of women who were not presently employed at the time the survey took place, and who had never had to quit their jobs in the past for the reasons listed. Categories B, C, D, and E include women who had discontinued their careers in the past, while Category F consists of women who had been working continuously at the time of the survey without having ever quit their jobs in the past for the reasons listed. The survey asked women in Categories B and C about the jobs they held before they left the job market, and women in Category F about their current jobs. The survey also asked women in Categories D and E about the jobs they held before they left the job market and the new jobs they found after they returned to it.

In this study, we compare women in Category F, who have never had to discontinue their careers, with women in Categories B, C, D and E in order to determine factors that lead women to quit their jobs. In particular, we compare the characteristics of the jobs held by Category F women today and the past jobs held by women of the other four categories to identify work-specific factors

that affect women’s decision to leave or stay in the job market.⁵⁾ <Table III-2> compares women’s experience with quitting their careers in terms of whether they have children and how many children they raised. As the table shows, only 11.4 percent of women without children discontinued their careers, while 59.6 percent of women with children had done so. Furthermore, the more children a woman had, the greater her likelihood of discontinuing her career. This strongly suggests that the difficulties associated with childbirth and parenting are the main reasons preventing women from staying on the job market. As the purpose of this study is to analyze and estimate the effect of work-family balance policy on women’s decision to stay in the job market, we narrowed the scope of our analysis to the 3,185 women that participated in the 2016 survey and had children. As <Table III-2> shows, 59.6 percent of these 3,185 women, or 1,897 women, had to quit their jobs, either for the time being or for good. The dependent variable in this analysis is whether women continuously held jobs. The dependent variable in the case of 1,288 women who had never had to leave the job market is therefore one, while the variable for the other 1,897 women is zero.

<Table III-2> **Number of Children & Discontinuation of Career**

		Women who had had to quit their jobs (A)	Women who had not had to quit their jobs (B)	Percentage of women who had had to quit their jobs (A) / (A+B)
Overall (N = 4,004)		1,990	2,014	50.3%
With/without children	With children (N = 3,185)	1,897	1,288	59.6%
	Without children (N = 819)	93	726	11.4%
Number of children	One (N = 914)	515	399	56.3%
	Two (N = 1,899)	1,133	766	59.7%
	Three or more (N = 372)	249	123	66.9%

5) It is relatively easier to ascertain whether women who discontinued their careers left the job market due to the unavailability of work-family support at the time they quit their jobs. As for women who have remained on the job market, however, it is possible that their current workplaces did not have work-family support measures in the past when those women considered whether to maintain their careers after marriage, childbirth, etc. Because it is impossible to ascertain whether this was the case in every woman’s experience, we assume in this study that the characteristics of the workplaces of women who continuously worked remain constant.

<Table III-3> shows the differences in the variables between women who continued to work and women who discontinued. The latter had a slightly greater number of children and better-earning spouses than the former on average. The latter were also significantly less likely than the former to work or have worked in the public sector. As expected, the latter were also significantly less likely

<Table III-3> Women Who Continued to Work (A) Vs. Women Who Discontinued (B)

		A	B	Difference (B-A)
Number of children		1.80	1.88	0.08
Education (college or higher)		0.56	0.57	0.01
Postgraduate education		0.07	0.03	-0.04
Work hours per week		43.22	46.95	3.73
Spouse's monthly income (KRW 5,000,000+)		0.12	0.14	0.02
Public sector		0.19	0.06	-0.13
Nonprofit sector		0.08	0.05	-0.03
Large corporations (300+ workers)		0.12	0.12	0
Employment status (regular worker)		0.61	0.81	0.2
Employment status (full-time worker)		0.84	0.94	0.1
Health insurance provided by employer		0.83	0.75	-0.08
Pension provided by employer		0.60	0.66	0.06
Availability of work-family balance support	Maternity leave	0.59	0.45	-0.14
	Parental leave	0.53	0.36	-0.17
	Workplace daycare facilities	0.17	0.05	-0.12
	Delayed start hours	0.24	0.12	-0.12
	Reduced work hours	0.25	0.04	-0.21
Ease of using available support	Maternity leave	0.45	0.21	-0.24
	Parental leave	0.37	0.14	-0.23
	Workplace daycare facilities	0.11	0.03	-0.08
	Delayed start hours	0.14	0.06	-0.08
	Reduced work hours	0.14	0.02	-0.12
Satisfaction with job	Wage level	0.29	0.27	-0.02
	Job & aptitude match	0.44	0.39	-0.05
	Future prospects	0.37	0.31	-0.06
	Work hours	0.41	0.29	-0.12

to have worked at workplaces offering systematic work-family balance support than the former when they had to leave the labor force. Even when the latter worked at workplaces providing such support, they were unlikely to have made use of it. Interestingly, the two groups of women differed most significantly in terms of whether their (current or past) workplaces provided systematic work-family balance support, and how readily available this support was. Only 36 percent of women who had discontinued their careers worked at workplaces offering such support before they left the job market, and even fewer (a meager 14 percent) had made use of it. In other words, 61 percent ($36 - 14 / 36$) of women found it difficult to make use of work-family balance support even if such support had been available at their workplaces. Even of women who continued to remain on the job market, only 53 percent worked at workplaces offering parental or maternity leave by policy and only 37 percent made actual use of such leave, suggesting that 30 percent of these women likely experienced difficulty in using the work-family balance support apparently available. Not surprisingly, women who had to quit their jobs were less satisfied with the jobs they held before leaving the job market than women who continued to work were with their current jobs.

In an effort to identify the effects of these variables on women's decision whether to stay in the job market, we performed a regression analysis on the variables using a probit model, examining how the effects varied with respect to the availability of work-family balance support and the ease of using that support.

<Table III-4> lists the results of our probit model analysis. With the availability of work-family balance support posited as the explanatory variable, we obtained results similar to those of our analysis based on a linear probability model. The greater the number of children, the higher the spouse's income, and the higher the woman's level of education, the less likely the woman was to have continued to work. Non-regular and full-time employment was also a factor contributing to the discontinuation of careers. Women working in the public or nonprofit sector and at workplaces providing health insurances, on the other hand, were more likely to continue to work. The longer the work hours per week, the less the likelihood of remaining on the job market. Of the factors related to satisfaction with job, the only factor that positively affected women's decision

to remain on the job market was the number of work hours. Of the forms of work-family balance support available, workplace daycare facilities and reduced work hours were the only forms that had statistically significant and positive effects on women's decision to continue to work.

〈Table III-4〉 Probability of Continuing to Work (Probit, Availability of Support Measures)

		Regression coefficient	Standard error	P> t
Number of children		-0.124***	0.041	0.003
Education (college or higher)		-0.369***	0.059	0.000
Postgraduate education		0.194	0.153	0.205
Work hours per week		-0.023***	0.004	0.000
Spouse's monthly income (KRW 5,000,000+)		-0.194**	0.081	0.016
Public sector		0.660***	0.108	0.000
Nonprofit sector		0.444***	0.102	0.000
Large corporations (300+ workers)		-0.114	0.083	0.173
Employment status (regular worker)		-0.299***	0.093	0.001
Employment status (full-time worker)		-0.271**	0.138	0.050
Health insurance provided by employer		0.467***	0.102	0.000
Pension provided by employer		-0.080	0.086	0.354
Availability of work-family balance support	Maternity leave	-0.117	0.091	0.203
	Parental leave	0.147	0.093	0.114
	Workplace daycare facilities	0.299***	0.108	0.006
	Delayed start hours	-0.040	0.086	0.640
	Reduced work hours	1.029***	0.107	0.000
Satisfaction with job	Wage level	-0.093	0.067	0.164
	Job & aptitude match	0.048	0.073	0.508
	Future prospects	-0.072	0.077	0.350
	Work hours	0.170**	0.068	0.012
Constant		1.000***	0.175	0.000
N		2,764		
Pseudo R-squared		0.1730		

<Table III-5> lists the results of the same analysis, only this time concerning the ease of using available work-family balance support measures as the explanatory variable. While much of this analysis overlaps with the foregoing one, the positive effect of available support measures emerges even more strongly in this case. For example, while the simple availability of maternity and parental leaves did not exert a statistically significant effect on women continuing to work, the ease of using such leave did. This suggests that the introduction of support measures is only effective on a limited basis until the surrounding workplace culture actually encourages their use. However, delayed start hours failed to show a significant positive effect.

**<Table III-5> Probability of Continuing to Work
(Probit, Ease of Using Available Support Measures)**

	Regression coefficient	Standard error	P> t	
Number of children	-0.131***	0.041	0.002	
Education (college or higher)	-0.396***	0.059	0.000	
Postgraduate education	0.225	0.149	0.131	
Work hours per week	-0.022***	0.004	0.000	
Spouse's monthly income (KRW 5,000,000+)	-0.211***	0.080	0.008	
Public sector	0.652***	0.107	0.000	
Nonprofit sector	0.373***	0.100	0.000	
Large corporations (300+ workers)	-0.121	0.081	0.134	
Employment status (regular worker)	-0.302***	0.091	0.001	
Employment status (full-time worker)	-0.293**	0.138	0.034	
Health insurance provided by employer	0.418***	0.102	0.000	
Pension provided by employer	-0.068	0.086	0.431	
Availability of work-family balance support	Maternity leave	0.201**	0.087	0.021
	Parental leave	0.352***	0.096	0.000
	Workplace daycare facilities	0.275**	0.139	0.047
	Delayed start hours	-0.089	0.111	0.425
	Reduced work hours	0.779***	0.146	0.000

〈Table III-5〉 Continued

		Regression coefficient	Standard error	P> t
Satisfaction with job	Wage level	-0.097	0.066	0.142
	Job & aptitude match	0.045	0.073	0.541
	Future prospects	-0.098	0.077	0.200
	Work hours	0.161**	0.067	0.017
Constant		1.012***	0.174	0.000
N		2,764		
Pseudo R-squared		0.1656		

2 Implications

Our statistical analysis reveals that women with children are far more likely than women without children to quit their careers. Marriage, childbirth and childcare are still major obstacles that prevent women from continuing their careers, as it is extremely difficult for them to tend to childcare and work at the same time. Our regression analysis suggests that variables pertaining to work hours impact quite strongly women's decision on whether to continue working after marriage and having kids. The longer the work hours per week, the less likely women are to remain in the job market. Work hours are also the decisive factor in women's satisfaction with their jobs. The availability and ease of using work-family balance support measures that give women more flexibility also positively affect their decision to continue to work. In particular, maternity and parental leaves, workplace daycare, and reduced work hours enhance the likelihood of women to continue to work. For these measures to have their intended effects, however, they must be more than just available: they must also be easy to use. Delayed start hours, perhaps the most common form of flexible work arrangement for working parents, does not seem to have any discernible effect on encouraging women to remain employed.

Flexible work hour arrangements and working conditions that enable women

to maintain their careers and also tend to their children are crucial factors that prevent women from quitting their careers. The effective implementation of government measures supporting work-family balance for women also matters. As we have seen in Chapter II, numerous companies still fail to implement the legally-required programs to support work-family balance. It is therefore important to determine the causes preventing effective implementation from the employer's perspective.

IV

Women's Employment: The Employer's Perspective

As part of this study, we conducted an opinion poll of human resource managers at a variety of companies in Korea to identify their views on the employment of women and the policy measures intended to increase the employment of women, including flexible work arrangements and maternity and parental leaves. The findings from our empirical analysis of the results are discussed below.

1 Overview of the Poll

A. Targets & Scope

Our opinion poll targets human resource managers (or other officers capable of answering questions regarding HR management) at 500 companies across various industries in Korea. The target respondents were asked to answer questions regarding the general characteristics of their companies, whether their companies provided flexible work arrangements and maternity and parental leaves for working women, how easy those support measures were to use, and how necessary they thought those measures were. Of the companies surveyed, 52 percent were in the manufacturing sector and 74 percent were SMEs employing fewer than 300 workers. On average, these companies hired 60.28 regular male workers as opposed to 15.59 regular female workers. The likelihood of remaining regularly employed at these companies peaked in the 30-to-39 age

group for both men (19.47 percent) and women (5.23 percent). However, while the age group with the second-highest percentage of regular workers was 40 to 49 for male workers (18.16 percent), it was 29 and younger for women (4.21 percent). As for the average number of work hours per day (including extended work hours), 47.8 percent of all workers worked eight to 12 hours per day. As for whether companies had explicit policies on improving and maintaining suitable working conditions for workers, 85.6 percent of the surveyed companies said they did.

<Table IV-2> lists the average number of workers who used flexible work arrangements and maternity or parental leave between 2014 and 2016 as well as the number of companies that allowed at least one worker to make use of these support measures. As the table shows, very few workers made use of flexible work arrangements, whereas 43.6 percent of the surveyed companies (218 of the 500) allowed their workers to use maternity leave. Only 26 percent (130 companies) provided paternity leave, while only 28.4 percent (142 companies) provided parental leave. Even fewer (8.6 percent or 43 companies) allowed workers to work reduced hours to take care of parenting responsibilities.

2 Findings

A. Flexible Work Arrangements

Let us examine in detail how employers perceive the various types of flexible work arrangements (i.e., selectable hours, delayed start hours, flexible hours, work-from-home arrangements, off-premise work arrangements, and discretionary hours). Regarding employer awareness of these arrangements, selectable hours (79.6 percent) were the most well-known, followed by off-premise work arrangements (72.2 percent) and discretionary hours (63 percent) in the construction industry, which generally lagged behind other industries in such awareness. The electronics, transportation, communications and finance industries, on the other hand, reported awareness of all these types of arrangements in more than 90 percent of the cases. As for whether companies actually provided

any of these flexible work arrangements, the personal, business and public services industries had the highest percentage of companies providing selectable work hours (8.5 percent): 2.7 percent of SMEs and 7.7 percent of larger corporations. The electric, transportation, communications and finance industries had the highest percentage of companies providing flexible work hours (15 percent), with no statistical difference observed in relation to firm size. As diverse forms of flexible work hours are crucial to increase labor force participation of married women, it is important to improve the status of flexible work arrangements provided and used at workplaces in Korea.

When asked whether they thought flexible work arrangements were necessary, more respondents regarded all flexible work arrangements, except flexible work hours, as more “unnecessary” than “necessary.” Even with respect to flexible work hours, 30.8 percent of respondents regarded them as necessary as opposed to 29.6 percent that regarded them as unnecessary. This contrasts with the finding of surveys on workers, more of whom thought flexible work arrangements were necessary than unnecessary. Detailed empirical analysis is needed to determine the causes behind this disparity between employers and employees before settling on final policy measures.

As for which flexible work arrangements were the easiest to use, work-from-home arrangements emerged as the most difficult, while most other types were rated as “neutral,” i.e., neither easy nor difficult.

Regarding the causes preventing the introduction and management of flexible work arrangements, most respondents picked the difficulties of managing labor relations and discussing work details. In order to encourage the use of such arrangements, it is therefore important to find measures that can help employers overcome these difficulties.

B. Maternity & Parental Leaves

Article 74 of the LSA guarantees 90 days of maternity leave for working women immediately before and after they give birth and requires employers to pay wages to women on this leave for the first 60 days. The Act on Equal Employment and Work-Family Reconciliation also guarantees parental leave and

requires employers to allow workers to work fewer hours to take care of parenting responsibilities unless there are dire management reasons preventing such permission.

Almost all (99.8 percent) of the surveyed company personnel were aware of maternity and parental leaves. Furthermore, 99.4 percent of these respondents were also aware of paternity leave for new fathers while 94 percent were aware of the use of reduced work hours for parenting. However, only 92.6 percent and 90.6 percent of respondents were respectively aware that maternity and parental leaves are guaranteed by law. Even fewer—85.8 percent and 71.4 percent, respectively—were aware that paternity leave and reduced work hours are also guaranteed by law. It is therefore crucial for lawmakers to improve employer awareness of the need to comply with statutes requiring these measures supporting work-family balance.

Parental leave and reduced work hours were rated as less easy to use than other types of leave and benefits (23.5 percent and 25.0 percent, respectively). The difficulty of using these measures was greater in smaller businesses than in larger corporations, suggesting that workers in smaller businesses were struggling more with maintaining a healthy work-family balance. Whereas only 8.3 percent of personnel representing larger corporations rated maternity leave as difficult to use, this number grew to 19.0 percent for those representing smaller businesses.

There were 142 companies that imposed additional conditions that workers needed to satisfy to be able to use maternity or parental leave. Of these companies, 41.5 percent imposed restrictions on children's age, while another 32.4 percent made maternity and parental leaves contingent on the length of service performed by the worker for the company. Researchers in the future should examine these additional conditions—especially the limits on children's age—that employers attach to the use of maternity and parental leaves to determine whether they can realistically be satisfied by workers who are supposed to benefit from maternity and parental leave.

Of the surveyed companies, 50.6 percent answered that they excluded the periods of time workers spent on maternity and parental leaves from the length of service periods necessary for promotion, while only 34.4 percent included the entirety of this period. In the construction industry, 68.5 percent of companies

refused to include maternity and parental leaves in service period: 53.8 percent of smaller businesses and 41.5 percent of larger corporations. Additional policy measures are needed to guide companies on whether or not to include maternity and parental leaves into service periods necessary for promotion.

When asked how workers returning from parental leave were assigned to new jobs or posts, 62.8 percent of the responding companies answered that assignments were to the workers' original posts or equivalent. The proportion of companies doing this was greater among larger corporations (73.1 percent) than smaller businesses (59.2 percent).

Unlike for flexible work arrangements, most companies regarded maternity and parental leaves as necessary. Of all employers, 80.2 percent rated maternity leave as necessary, 70.6 percent paternity leave, and 76.4 percent parental leave. The majority—67.8 percent—of companies also regarded reduced work hours as necessary.

The main reasons complicating the implementation of maternity and parental leaves included the loss of productivity (61.6 percent), the increased workload on coworkers and managers (38.8 percent), and the difficulty of finding substitute workers (37.6 percent). Workers' decision to take such leave, in other words, creates a number of problems for the company. Employers can avoid or reduce these difficulties by increasing the number of substitute workers available. As 16.8 percent of the respondents also answered that they did not know what difficulties companies faced as a result of maternity and parental leaves because there were no applicants, it is important to ensure the implementation of these leaves for all companies. The percentage of companies not knowing which difficulties arise from workers taking leave was higher in the construction industry (27.8 percent), which was the second-most common answer, after the loss of productivity, to the question of what complicated the implementation of maternity and parental leaves in that industry.

A relatively smaller proportion (25.8 percent) of employers hired substitute workers to compensate for the loss of productivity resulting from workers taking maternity and parental leaves or working reduced hours.⁶⁾ Regular workers (42.6

6) Companies were asked in the survey to choose two factors complicating the implementation of maternity and parental leaves. The heights of the bar graphs represent the percentages of companies choosing

percent) were the most common substitute workers, followed by fixed-term contract workers (37.2 percent). The construction and wholesale/retail, food and lodging industries were the most likely to hire regular workers (50.0 percent) as substitutes. Smaller businesses were also significantly more likely than larger corporations to find substitute workers among their regular workers (53.2 percent as opposed to 26.9 percent).

When asked to identify reasons for not hiring substitute workers, 68.7 percent of respondents answered that it was because the existing personnel could re-divide the workload and handle it on their own. Specifically, 77.3 percent of respondents in the construction industry chose this answer. Larger corporations (73.1 percent) were also more likely than smaller ones (67.6 percent) to have existing personnel handle the increased workload instead of hiring substitute workers. This practice, however, can lead existing personnel to develop negative perceptions of maternity and parental leaves due to the increased workload and fatigue. It is critical to encourage employers to improve the working conditions and culture in favor of maternity and parental leaves by increasing their decision to hire alternative and additional workers and engage in more diverse work arrangements.

3 Empirical Analysis

A. Data & Method

We performed an empirical analysis on the findings of our opinion poll to determine the specific factors that affect the use of maternity and parental leaves at actual workplaces. More specifically, we sought to identify how the availability of government support and subsidies to employers affected the use of maternity and parental leave by their employees so as to find implications for enhancing

the given option as the first or second most important factor. While the percentages should all add up to 200 percent in total, some companies chose only one factor each. As a result, the sum of the percentages falls slightly short of 200 percent.

the efficiency of fiscal spending on supporting work-family balance. The data subjected to our analysis was obtained from our opinion poll. We used a Poisson regression model (PRM) for our analysis. The cumulative numbers of workers that have used maternity leave, paternity leave, and parental leave are shown in [Figure IV-1] below.

[Figure IV-1] Cumulative Numbers of Workers Taking Maternity, Paternity & Parental Leaves



The three dependent variables used in our analysis were the cumulative numbers of workers who used maternity leave, paternity leave, and parental leave. Flexible work arrangements of all types and reduced work hours were excluded due to the dearth of workers who actually made use of these measures. We counted the cumulative numbers of workers who used the three types of leave from 2014 to 2016 based on our opinion poll. The independent variables included the numbers of regular male and female workers, the numbers of regular male and female workers newly hired, the number of non-regular male and female workers newly hired, the presence of substitute workers (one if present, zero if not), the entry wage level (in KRW 10,000 units), industry, the use of maternity leave benefits (one if used, zero if not), the use of government subsidies for re-hiring non-regular workers returning from leave (one if used, zero if not), the use of parental leave benefits (one if used, zero if not), the use of the Fathers' Month parental leave (one if used, zero if not), the use of the Employment Security Fund subsidies for maternity and parental leaves (one if used, zero if not), the amounts of operating income (in KRW 1 million units), and the average number of work hours per day. We took care to include the availability and use of government subsidies for parental and maternity leaves in our analysis as independent variables in order to determine the effects of policy support on employment practices.

B. Results of Analysis

In Model 1 of our analysis of the cumulative total number of workers who used maternity leave, the numbers of regular male and female workers appeared to bear positive correlation to the cumulative number of maternity leave takers. The number of regular and non-regular female workers newly hired had a similar effect. The availability of substitute workers and the entry wage level also showed positive correlations. The cumulative number of maternity leave takers was also significantly higher in certain industries, including wholesale/retail and lodging and food as well as utilities, transportation, information and finance and insurance than in agriculture, mining and other industries. Model 2 of our analysis, which included the use of maternity leave benefits and the use of government subsidies for re-hiring non-regular workers returning from maternity leave as independent

variables, showed the number of non-regular male workers newly hired as bearing a significant negative correlation to the number of maternity takers. As for industries, only the wholesale/retail and lodging and food industries showed a positive correlation (1.247 for the use of maternity leave benefits and 0.356 for the use of subsidies for re-hiring non-regular workers). Model 3, with the amounts of operating income and the average number of work hours per day added as independent variables, revealed that both additional variables bore positive correlations to the dependent variable.

◀Table IV-1▶ Cumulative Number of Maternity Leave Takers & Factors

Cum. number of maternity leave takers	PRM		
	Model 1	Model 2	Model 3
Number of regular workers (male)	0.001(.000)***	0.001(.000)***	0.001(.001)***
Number of regular workers (female)	0.006(.001)***	0.004(.001)***	0.002(.002)
Number of non-regular workers (male)	-0.003(.003)	0.008(.003)	0(.004)
Number of non-regular workers (female)	0.002(.003)	-0.001(.002)	-0.001(.003)
Number of regular workers (male): newly hired (2014–2016)	-0.001(.001)	-0.001(.001)	0(.001)
Number of regular workers (female): newly hired (2014–2016)	0.01(.002)***	0.01(.002)***	0.013(.002)***
Number of non-regular workers (male): newly hired (2014–2016)	-0.003(.003)	-0.008(.004)*	-0.01(.005)**
Number of non-regular workers (female): newly hired (2014–2016)	0.013(.002)***	0.015(.003)***	0.016(.003)***
Availability of substitute workers	0.72(.095)***	0.32(.099)***	0.356(.115)***
Entry wage level (for university graduates)	1.24(.232)***	0.777(.242)***	0.856(.303)***
Industry 2	0.224(.219)	0.074(.220)	-0.252(.224)
Industry 3	0.072(.284)	-0.032(.282)	0.08(.295)
Industry 4	0.589(.234)**	0.399(.232)*	0.221(.248)
Industry 5	0.479(.249)*	0.271(.252)	0.083(.268)
Industry 6	0.396(.248)	0.302(.249)	0.219(.269)
Use of maternity leave benefits		1.247(.108)***	1.259(.123)***
Use of subsidies for re-hiring non-regular workers returning from maternity leave		0.356(.186)*	0.162(.230)
Operating income			0.063(.031)**

<Table IV-1> Continued

Cum. number of maternity leave takers	PRM		
	Model 1	Model 2	Model 3
Average number of work hours/day (including overtime)			0.355(.098)***
Constant	-10.359(1.831)***	-7.094(1.890)***	-9.001(2.339)***
N	442	442	334
Adj R-squared			
Pseudo R2	0.3866	0.4514	0.5807

- Notes: 1. Reference industry group: Agriculture, mining and other industries.
 2. Industry 2: Manufacturing / Industry 3: Construction / Industry 4: Wholesale / retail, lodging and food / Industry 5: Utilities, transportation, publishing, video production, broadcasting / communications / information services, finance and insurance / Industry 6: Sewage and waste disposal, raw material recycling, environmental restoration, real estate and property leasing, professional / scientific / technological services, business facility management and support services, educational services, healthcare and social services, art / sports / leisure-related services, associations and organizations, repair and other personal services.
 3. Figures in parentheses represent standard errors. *p < 0.1, **p < 0.05, ***p < 0.01.

Model 1 of our analysis of the cumulative total number of paternity leave takers showed that the number of regular female workers, the number of regular male workers newly hired, and the number of non-regular male and female workers newly hired bore a positive correlation to the number of paternity takers. The absence of substitute workers and the entry wage level were also positive factors leading workers to take paternity leave. All industry variables also appeared to bear significant correlation to the dependent variable. All industries included in our analysis showed significantly smaller cumulative total number of paternity leave takers than in the agriculture, mining, and other industries. Model 2, which included, as independent variables, the use of paternity leave benefits and the use of government subsidies for re-hiring non-regular workers returning from paternity leave, showed both independent variables as bearing significant positive correlation to the dependent variable (0.474 and 0.348, respectively). Model 3 also showed operating income bore a significant positive correlation and the average number of work hours per day a significant negative correlation to the dependent variable.

<Table IV-2> Cumulative Number of Paternity Leave Takers & Factors

Cum. number of paternity leave takers	PRM		
	Model 1	Model 2	Model 3
Number of regular workers (male)	-0.001(.000)***	-0.001(.000)***	-0.001(.000)***
Number of regular workers (female)	0.008(.001)***	0.008(.001)***	0.007(.001)***
Number of non-regular workers (male)	0.001(.002)	0.002(.002)	0.002(.003)
Number of non-regular workers (female)	-0.001(.002)	-0.002(.002)	-0.002(.003)
Number of regular workers (male): newly hired (2014–2016)	0.011(.001)***	0.011(.001)***	0.015(.001)***
Number of regular workers (female): newly hired (2014–2016)	-0.01(.003)***	-0.01(.003)***	-0.02(.005)***
Number of non-regular workers (male): newly hired (2014–2016)	0.009(.002)***	0.008(.002)***	0.007(.002)***
Number of non-regular workers (female): newly hired (2014–2016)	0.008(.002)***	0.008(.002)***	0.007(.002)***
Availability of substitute workers	0.142(.082)*	-0.016(.086)	0.254(.102)**
Entry wage level (for university graduates)	2.183(.192)***	2.033(.195)***	1.731(.254)***
Industry 2	-0.339(.147)**	-0.385(.147)***	-0.801(.154)***
Industry 3	-1.846(.299)***	-1.838(.293)***	-1.771(.319)***
Industry 4	-0.335(.176)*	-0.462(.177)***	-0.405(.187)**
Industry 5	-0.456(.190)**	-0.554(.192)***	-0.687(.210)***
Industry 6	-0.552(.196)***	-0.617(.197)***	-0.694(.214)***
Use of maternity leave benefits		0.474(.083)***	0.443(.096)***
Use of subsidies for re-hiring non-regular workers returning from maternity leave		0.348(.174)**	0.324(.201)
Operating income			0.108(.029)***
Average number of work hours/day (including overtime)			-0.149(.073)**
Constant	-16.606(1.522)***	-15.529(1.541)***	-13.487(1.962)***
N	441	441	333
Adj R-squared			
Pseudo R2	0.4440	0.4525	0.5458

Notes: 1. Reference industry group: Agriculture, mining and other industries.

2. Industry 2: Manufacturing / Industry 3: Construction / Industry 4: Wholesale / retail, lodging and food / Industry 5: Utilities, transportation, publishing, video production, broadcasting / communications / information services, finance and insurance / Industry 6: Sewage and waste disposal, raw material recycling, environmental restoration, real estate and property leasing, professional / scientific/technological services, business facility management and support services, educational services, healthcare and social services, art / sports / leisure-related services, associations and organizations, repair and other personal services.

3. Figures in parentheses represent standard errors. *p < 0.1, **p < 0.05, ***p < 0.01.

Our analysis of the cumulative total number of parental leave takers, on the other hand, showed results in Model 1 quite different from those observed in the foregoing analyses. First, the numbers of both regular and non-regular male and female workers emerged to exert statistically significant effects. In particular, the number of regular male and female workers and the number of non-regular female workers showed positive correlations. The number of regular and non-regular male and female workers newly hired also exerted significant effects, with positive correlations observed with respect to the number of regular female workers newly hired as well as the number of non-regular male and female workers newly hired. The presence of substitute workers and the entry wage levels also bore positive correlations to the number of parental leave takers. As for industry, utilities/transportation/information services/finance and insurance and environmental restoration/educational services/leisure-related services showed significantly greater cumulative numbers of parental leave takers than the agriculture/mining/other industries. Model 2, which included the use of parental leave benefits, the use of Fathers' Month parental leave, and the use of Employment Support Fund subsidies for parental leave, revealed that the statistically significant effects of the number of regular female workers newly hired and the entry wage level were gone, as were the effects of specific industry. However, the use of parental leave benefits and the use of Employment Support Fund subsidies for parental leave showed positive correlations (1.807 and 0.892, respectively). Model 3, with the amount of operating income and the average number of work hours per day added as independent variables, showed the latter to be a significant influencing factor, as the increasing number of work hours bore a positive correlation to the cumulative total number of parental leave takers.

<Table IV-3> Cumulative Number of Parental Leave Takers & Factors

Cum. number of parental leave takers	PRM		
	Model 1	Model 2	Model 3
Number of regular workers (male)	0.001(.000)***	0.002(.000)***	0.000(.001)
Number of regular workers (female)	0.009(.001)***	0.005(.002)***	0.013(.002)***
Number of non-regular workers (male)	-0.016(.005)***	-0.016(.005)***	-0.005(.006)
Number of non-regular workers (female)	0.013(.004)***	0.014(.005)***	0.005(.005)
Number of regular workers (male): newly hired (2014–2016)	-0.004(.002)**	-0.004(.002)**	-0.006(.002)***
Number of regular workers (female): newly hired (2014–2016)	0.012(.002)***	0.011(.002)***	0.007(.003)**
Number of non-regular workers (male): newly hired (2014–2016)	0.006(.002)***	-0.001(.005)	-0.005(.006)
Number of non-regular workers (female): newly hired (2014–2016)	0.008(.003)***	0.011(.003)***	0.008(.004)**
Availability of substitute workers	0.963(.125)***	0.313(.133)**	0.295(.150)*
Entry wage level (for university graduates)	0.81(.300)***	0.294(.361)	0.165(.433)
Industry 2	-0.094(.254)	-0.527(.259)**	-0.524(.281)*
Industry 3	-0.415(.379)	-0.493(.381)	-0.37(.420)
Industry 4	0.101(.274)	-0.381(.276)	-0.418(.314)
Industry 5	0.65(.278)**	-0.104(.289)	-0.313(.314)
Industry 6	0.501(.276)*	0.344(.282)	0.416(.324)
Use of maternity leave benefits		1.807(.155)***	1.892(.177)***
Use of subsidies for re-hiring non-regular workers returning from maternity leaves		-1.042(.290)***	-0.927(.339)***
Operating income		0.892(.147)***	1.032(.177)***
Average number of work hours/day (including overtime)			0.015(.037)
Constant			0.366(.124)***
N	-7.473(2.364)***	-3.667(2.809)	-3.662(3.367)
Industry 2	442	442	334
Adj R-squared			
Pseudo R2	0.5022	0.6201	0.6589

Notes: 1. Reference industry group: Agriculture, mining and other industries.

2. Industry 2: Manufacturing / Industry 3: Construction / Industry 4: Wholesale/retail, lodging and food / Industry 5: Utilities, transportation, publishing, video production, broadcasting / communications / information services, finance and insurance / Industry 6: Sewage and waste disposal, raw material recycling, environmental restoration, real estate and property leasing, professional / scientific / technological services, business facility management and support services, educational services, healthcare and social services, art/sports/leisure-related services, associations and organizations, repair and other personal services.

3. Figures in parentheses represent standard errors. *p < 0.1, **p < 0.05, ***p < 0.01.

4 Implications

This section provides an analysis of the opinion poll regarding the use of flexible work arrangements and maternity, paternity and parental leave at actual workplaces, and also of the effects of fiscal spending on supporting these arrangements and such leave.

Regarding maternity leave, the effects of maternity leave benefits and subsidies for re-hiring non-regular workers returning from maternity leave were compared. Of these two factors, the former showed a statistically significant effect on increasing the number of workers taking maternity leave. With respect to paternity leaves, both the use of paternity leave benefits and the use of government subsidies for re-hiring non-regular workers returning from paternity leave bore significant positive correlation to the dependent variable. Finally, the use of parental leave benefits and the use of Employment Support Fund subsidies for workers on parental leave both had a positive impact on increasing the number of workers taking parental leave.

The implications of our opinion poll and empirical analysis can be summarized as follows.

First, note that 50.6 percent of all employers surveyed answered that they did not include the periods of time workers spent on parental leave into the service period necessary for promotion. Although Korean law requires employers to provide parental leave, this practice of discounting parental leave periods from service periods in effect disadvantages workers taking the leave and therefore serves to discourage workers from taking them. Korean lawmakers therefore need to introduce effective additional measures, including requirements and guidelines on not disadvantaging workers taking parental leave, in order to encourage its use and increase women's participation in the economy.

Second, our opinion poll reveals that employers in Korea are quite reluctant to hire additional and substitute workers to compensate for the loss of productivity resulting from existing workers either taking maternity/ paternity/ parental leave or working reduced hours. The majority of surveyed companies had existing personnel take up, divide, and handle the increased workload instead of hiring additional workers. This practice effectively increases the

workload on a person's coworkers, compromises their working conditions, and perpetuates the negative perception of parental leave. Policy support is therefore needed to incentivize companies to hire personnel to temporarily replace workers on parental leave. Companies should ensure the pre-training of these substitute workers to improve their productivity, facilitate the return of the original worker and also encourage both to communicate regularly on the status of work while the latter is away on parental leave. Although national and local governments worldwide operate pools of substitute workers to which companies may resort, the lack of systems for sharing information among these governmental organizations prevents their efficient use, as pointed out by a number of studies. Policymakers in Korea therefore need to not only develop government-authorized pools of substitute personnel, but also ensure that information on these personnel is effectively shared among organizations and agencies.

Third, it is crucial to raise employer awareness of the legally-required nature of policy and measures in support of work-family balance to accelerate the establishment of workplace cultures favorable to their use. National and local governments may need to introduce training programs, particularly targeting company human resource managers, to this end.

Fourth, our empirical analysis reveals that maternity leave benefits, government subsidies for re-hiring non-regular workers returning from leave, parental leave benefits, and Employment Support Fund subsidies for maternity and parental leave all positively affect the number of workers taking such leave. These policy measures should therefore be retained and expanded to provide more realistic levels of financial support for families in diverse financial circumstances.

Fifth, in order to establish a culture favorable to work-family balance and promote the employment of women, it is essential to reduce work hours in general in the long run. The Korean government should actively encourage employers to implement flexible work arrangements, and develop and adopt more favorable work hours and arrangements for workers at childbearing age.

V

FGIs with Employers on the Employment of Women

1 Overview

In an effort to hear more diverse opinions on the practices of employing women at actual workplaces, we performed focus group interviews (FGIs) with human resource managers at a variety of companies in addition to our opinion poll. The objective of this exercise was to identify the realistic difficulties faced by companies of different sizes in implementing measures to support work-family balance, and what policy tasks they expected of the government to alleviate those difficulties.

We selected eight human resource managers from a few small companies hiring between five and 50 workers each to participate in our interviews. In an effort to survey the status of work-family balance support at really small businesses, we made sure to recruit at least three of them from businesses hiring 10 or fewer workers each. We also recruited seven human resource managers from companies hiring more than 50 workers each, with three of them chosen from large corporations hiring 300 or more workers.

2 Findings

What the human resource managers shared with us through the FGIs are more likely to have been personal opinions rather than the official positions

of their respective companies and industries. Because these opinions have not been subjected to statistical tests, we ought to be careful not to over-generalize them. Nevertheless, the managers shared with us intimate details of how the work-family balance support measures are actually being run (unavailable from typical opinion polls) and what employers expect of government support.

First, the managers mostly acknowledged the necessity for maternity and parental leaves, but also expressed the sense of burden employers felt about the lengthening of parental leave available for existing workers. Coworkers are compelled to share and divide the increased workload, which adds to coworker stress and also exerts significant pressure on workers on leave, leading the latter to return to work early. Although a number of companies hired substitute workers, employers also felt uneasy about letting these substitute workers go in one year. Letting substitute workers go not only generates emotional burdens on companies and coworkers, but is also a source of inefficiency as most of these workers become used to their work by the time they are forced to leave. Relatively fewer managers viewed flexible work arrangements in a favorable light, as they did not work in many cases given the nature of the jobs involved, and also created conflict among workers over the issue of equity. While managers expressed that government support could help employers a little, they agreed that it would not ultimately establish flexible arrangements as a norm.

In other words, government support for flexible work hours and the policy of providing only minimal income support for fathers taking Fathers' Month paternity leave are not so effective in reality. Policymakers should either radically increase the scope and amount of these benefits available or abolish them altogether. The Korean government should also consider developing and managing a pool of substitute workers to which companies may turn when their workers take maternity and parental leaves. Such a pool should consist of diverse types of workers to cater to a wide range of companies and encourage more to participate. If the government could consistently match substitute workers with suitable companies for at least a year, the number of workers wishing to join that pool would increase and more people would be able to maintain their careers as a result. The pool of substitute workers could alleviate burdens on workers taking maternity and parental leaves and also

serve as an alternative channel for career and income for women who are unable to work for extended periods of time due to marriage and childcare. Such a pool would also alleviate the burden on companies of having to hire substitute workers for only one year.

VI

Conclusion

Marriage, childbirth and childcare are major factors that lead many Korean women to quit their careers. As a result, the distribution of jobs among women by age in Korea shows an M-shaped pattern. The status quo not only frustrates individual women's aspirations toward self-actualization and achievement, but also undermines the efficiency of the national economy. Moreover, the difficulty of sustaining work-family balance leads an increasing number of women to avoid marriage or childbearing altogether, accelerating the aging of the Korean population and casting worries over the sustainability of national fiscal resources. Policy solutions that foster work-family balance, support women's dreams to continue their careers, and raise the plummeting birth rate are central issues in Korean policymaking circles today.

In this study, we survey the current system of policy measures supporting work-family balance, and how these measures affect women's employment. We analyze the perceptions of both women and employers regarding the issue, and provide FGIs with human resource managers of various companies in order to explore in greater detail how these measures are being implemented and regarded in reality.

Our analysis of women shows that maternity and parental leaves do improve the probability of women continuing their careers. The positive effect is greater when such leave is not just available, but also easy to use. Daycare facilities at work had the same effect. The shorter the work hours, the greater a woman's satisfaction with her job, and hence the greater her likelihood to continue to work at that job. These findings indicate that working conditions exert a sizable

impact on women's decision on whether to continue to work after getting married and having children.

Our analysis of employers reveals that the use of maternity leave benefits, parental leave benefits, Employment Support Fund subsidies for parental leave, and government subsidies for re-hiring non-regular workers returning from such leave increases the number of workers who take maternity and parental leaves. These support measures reduce the financial burden on employers when providing leave, and thereby reduce the psychological burden on employees as well. Flexible work arrangements, however, do not work in many cases given the nature of the jobs involved, and may also be a source of controversy over the issue of equity. Government support for flexible work arrangements at present is thus unlikely to be effective. It may be necessary to introduce more diverse types of flexible work arrangements catering to a wider range of tasks and jobs, widen the scope of workers eligible to apply for those arrangements, and provide other such measures that could minimize disputes among workers. Most importantly, it is critical to foster a workplace culture that discourages long work hours and supports greater flexibility in work arrangements across society.

Our analysis bears a number of significant policy implications. First, as the policy measures supporting work-family balance have definitive effects on preventing women from discontinuing their careers, the Korean government should continue to provide and expand these measures. Fiscal support for maternity and parental leaves, in particular, positively increases the number of workers that take such leaves. The government ought to increase and differentiate the amounts of such subsidies available by employer and employee type and also in light of the realistic financial difficulties faced by working families. Government support for flexible work arrangements, however, has not yielded visible results so far, and employers are generally disapproving of such arrangements. Policymakers should therefore radically roll back fiscal subsidies for flexible work arrangements and policy measures akin to the Fathers' Month paternity leave. Efforts to improve the fiscal efficiency of support for work-family balance, however, ought not to give the public an impression that the Korean state is discouraging either flexible work arrangements or greater participation by fathers in childcare. To avoid this possibility, the government should increase advertising efforts to promote greater flexibility at work and

participation of fathers in parenting, and also adopt innovative forms of non-fiscal support. For example, the government may curtail ineffective spending programs on the one hand, while increasing support for the creation of daycare facilities at workplaces and limiting the eligibility for enrolling children in such facilities to couples who are both working full time so as to reduce the burden of parenting on working couples and the need for flexible work arrangements simultaneously. The Korean government, moreover, should actively advertise maternity and parental leaves as well as flexible work arrangements to discourage long work hours and diversify work schedules in the long run.

Next, the government should also increase the pool of substitute workers companies can readily hire to compensate for the loss of productivity resulting from workers on parental leave. Most employers in Korea are reluctant to hire substitute workers, leaving existing personnel instead to divide the leave taker's responsibilities and take on a larger workload. This, in turn, encourages a negative perception of parental leave takers. Workers taking such leave are also uncomfortable about leaving their work to coworkers, and therefore come back too early. The Korean government thus needs to make more active efforts to support employers effectively with substitute workers. As employers are reluctant to hire substitute workers mainly because of the burden of having to let them go in one year, the government may set up a bank of substitute workers, providing a wide variety of workers catering to a wide range of industries and tasks, and actively assisting with matching between substitute workers and employers in need. If the government successfully matches substitute jobseekers with employers for a year, the government pool of workers will increase as the number of potential jobseekers grows. This system can also enable substitute workers to gain work experience and maintain their careers, while reducing the sense of burden on employers. The government system for substitute workers can help employers further by gathering and sharing reference letters from previous employers.

It is also critical to raise the awareness of measures in support of work-family balance. While the vast majority of employers in Korea are aware of programs like maternity leave, parental leave, and reduced work hours for parenting, relatively few were aware that these programs are required by law. The Korean government should actively advertise the legally-required nature of these

programs and enhance compliance.

Finally, care should be invested to ensure that workers are not disadvantaged when taking parental leave. Our opinion poll reveals that more than 50 percent of employers in Korea do not include the periods spent on parental leave into the service periods necessary for promotion. Going on parental leave effectively disadvantages workers both directly and indirectly. Korean women are just as well educated as their male counterparts, but extremely few are found among the ranks of corporate executives. It is critical to remove the possible disadvantages women may suffer due to marriage and childbearing in order to promote the education and development of a highly-skilled female workforce, particularly now that the declining birth rate and the rapid aging of the population are threatening the very sustainability of the national economy and fiscal resources. Korean lawmakers therefore ought to prevent systematic disadvantages perpetuated against married women and those with children by introducing substantial and enforceable measures, including those regarding the requirements for promotion, that companies ought to implement.

The Korean government so far has approached the problem of low birthrate as a welfare policy issue. Although sizable fiscal resources have gone into supporting childbirth and parenting, they have not borne much fruit. There is a growing movement today, however, that views the low birthrate as related to labor policy. The compressed economic development of Korea over the last several decades has decisively turned the job market in favor of employers, emphasizing productivity over working conditions in the name of national development. The Korean public has become far more educated and sophisticated over the years, though. Fair working conditions and work-family support are increasingly regarded as more important factors in life than material wealth. Improvement of working conditions can enhance the productivity of workers further, prevent the loss of highly-skilled women, and ultimately benefit employers and the economy as a whole by supporting the development of more highly-skilled human resources in the future. The Korean government ought to lead this workplace transformation and ensure the happiness of both employers and employees through introduction of realistic and effective improvement of measures supporting work-family balance.

Bibliography

- MOEL (2016a), *Fact-Finding Survey on the Current Status of Work-Family Balance 2016*.
- MOEL (2016b), *White Paper on Employment Insurance: 2016 Edition*.
- MOEL (2017), *Guide on Policy Support for Employers 2017*.
- Kim, N., Do, N., Lee, D., and Cho, H. (2016), *Analysis of Flexible Work Hour Support for Parenting*, Research Report 2016-17, Korea Institute of Child Care and Education.
- Kim, Y., Kim, N., Jang, Y., and Kim, H., *Analysis of the Effectiveness of Work-Family Balance Support Policy*, National Assembly Budget Office Policy Research Project, 2014.
- Kim, Y., Kim, J., Kang, M., and Seong, J. (2013), *Measures to Promote Selectable Work Hour Arrangements Toward Increasing Women's Employment*, Research Report 2013-10, KWDI.
- Kim, H. (2011), "Family-Friendly Support Measures and Corporate Performance," *Journal of Labor Policy* 11(3), 1-24.
- Ahn, E. and Shin, E. (2010), "Work-Family Support Policy and Organizational Performance," *Journal of Industrial Relations* 20(4), 177-216.
- MOGEF and Statistics Korea (2016), *Survey on the Economic Activities of Women and the Job Market 2016*.
- Jang, J., Yun, J., and Shin, H. (2013), *Re-Designing the Maternity Protection Policy System Toward Eliminating Blind Spots in the Maternity Protection System and Increasing Women's Employment*, MOEL Academic Research Project, Korea Labor Institute.
- Hong, H. (2016), *Impact of Family-Friendly Support Measures on Organizational Performance*, master's thesis, Seoul National University Graduate School of Administration.

[WEB RESOURCES]

- Statistics Korea, *Economically Active Population Survey* (http://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_1DA7012&conn_path=I3, retrieved July 26, 2017).
- OECD, Labour Force Statistics (<http://stats.oecd.org/>, retrieved July 26, 2017).