



2016

English Research Paper – 25

# Impacts of Government Policies on Women's Employment and Suggestions for Improving Policies in Different Areas

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## I. Introduction

### 1. Background

Raising women's employment rate has great social impacts in various aspects, not only on employment rate but also on childbirth, education, and old age income security. Women's employment rate is low not because of such factor as women's human capital but because of improper infrastructure regarding working practices and conditions and women's work-family reconciliation. As such, improving this infrastructure has a great impact on raising women's employment rate.

A considerable time has passed since South Korea began to actively implement policies to increase women's employment rate. As the policies become specified, we need to make efforts to denote policy directions and goals from an integrated perspective. Also, there is a great need for comprehensive research to improve structural problems in each area so that various policies can be implemented in alignment with economic and social conditions related to women's employment.

Women's employment is closely related to the structural problems of the labor market, population and welfare policies, and problems arising from the educational field. Policies to improve wage and working hours and working conditions have a significant impact on resolving the structural problems of women's employment, including gender wage gaps and non-regular jobs as well as on raising women's status in the labor market. Infant and toddler child care policies are critical in preventing women's career interruption due to childbirth and child care and supporting their work and family reconciliation. Education of school-aged children as well has a big impact on women's career retention. Because schools do not take parents' working conditions into consideration, various types of non-employment-friendly systems and environments are in place and are found to have a negative impact on women's career retention.

As women's career break due to child care needs to be addressed from mid- to long-term perspectives, the government should depart from the fragmentary manner of responding to problems of women's labor market and should urgently examine the impacts of various policies and make efforts to improve structural problems in a comprehensive way.

In order to discuss in which direction various types of policies should be converged and implemented, the policies should be analyzed and evaluated in relation to women's employment. By analyzing policy paths in this process and identifying predictable outcomes and problems, we can improve the policies in each area towards a more desirable direction.

## 2. Research Purposes

The purpose of this study is to examine the impacts of major government policies on women's employment and to make suggestions for improving policies in different fields in order to raise women's employment rate.

In the first year, we attempted to analyze relations between major government policies and women's employment from the perspective of their life cycles. In particular, we focused on analyzing the impacts of child care policies on women's employment because these policies are representative of child care policies when children are infants or toddlers. We also analyzed why women leave the labor market before their children's early elementary school years through surveys of children's educational support activity and the educational field as well. We also addressed the issue of wage, which is the most important working condition when career-interrupted women reenter the labor market. In particular, the low wage of women who reenter the labor market after a career break is a serious problem, so we intensively discussed the problems of gender wage gaps in the minimum wage system, which was designed to resolve women's low wage problem and to narrow gender wage gaps.

This study is a two-year project: in the first year of 2015, we identified problems and sought to find solutions according to women's life cycles; in the second year of 2016, focusing on the structure of the labor market, we plan to seek policy directions that can change the structure of women's labor market through analysis of the environment surrounding women's employment. Notably, we

attempted to suggest measures for improving the structure of women's labor market from a gender perspective by analyzing the main agendas of the structural improvement in the labor market and agendas of women's employment in an integrated manner.

## II. Research Contents and Methods

### I. Research Contents

The main contents of this study are as follows: we reviewed relations between various policies and women's employment depending on women's life cycles to set research questions, analyzed the current conditions of policies by area, relations between the policies and women's employment, and impacts of the policies on women's employment according to the research questions, and made suggestions for improving policies to be compatible with women's employment.

It should be noted that this study focused on child care policies and labor market policies to analyze the impacts of these policies on women's employment and to improve these policies as these two types of policies are major ones that affect difficulties of women's employment according to their life cycles.

Specifically, first, focusing on the child care expense and child care allowance policies among the child care policies, we analyzed the impacts of population and welfare policies on women's employment, identified implications, and developed measures for improvement. Second, as women with school-aged children were shown to have difficulty retaining their careers, we analyzed the education field of children in low grades at elementary schools among the school-aged children and came up with measures for women's employment-friendly policies. Third, we analyzed the minimum wage system to address the issue of low wage among women's working conditions in the labor market when middle-aged women reenter the labor market after a career break, and then identified the impacts of labor market policies on women's employment. Based on the results of the

above mentioned policy analyses, we suggested policy agendas for each area.

## 2. Research Methods

Research methods included the following:

First, we analyzed literature and data. Through analysis of previous studies, we set directions for this study and analyzed indicators. The research method we used the most was basic analysis of statistical data. To analyze the impacts of policies on women's employment, it is necessary to use policy assessment models. Also, various research methods can be used to analyze whether effects of low-fertility policies or wage system bring quantitative changes in employment, or whether they bring changes to each area, including business type, occupation type, employment type, and business size.

As representative methods of assessing policy impacts, we used propensity score matching (PSM) technique that compares propensity scores between the policy recipient group and the policy non-recipient group for microanalysis as well as methods of analysis according to the characteristics of data, including various types of regression analyses.

Second, we conducted a survey to secure source data needed for the research. As there was an extreme lack of previous studies on the problems of the educational field and women's employment, and related data had not been accumulated, we performed a survey of actual conditions to solve the research questions of this study. Because women's employment rate is lowest in their life cycles during their children's early elementary school years, we surveyed working mothers and non-working mothers with children in lower

grades and used the survey to identify relations between children's education support activity and system in the educational field and women's employment.

Third, we held expert counsel meetings and forums and hosted joint academic conferences to reflect diverse opinions in the study and to share and disseminate research findings. We hosted a joint academic conference with the Korean Association of Social Policy with the theme "Korean Capitalism and Distribution" on May 29, 2015. The conference consisted of sessions focusing on research papers regarding low fertility and women's employment, aging and women's issues, and participants listened to many varied opinions and shared recent trends in research. We also held three forums for each area related to women's employment to discuss measures for improving policies and raising women's employment.

### III. Results and Implications

#### 1. Impact of Child Care Policies on Women's Employment

We analyzed the impacts of universal child care policy from 2005 to 2013 on women's employment focusing on child care expense support and child care allowances. As a result, first, it was highly likely for two-income households to receive child care expenses support and for women in male bread-winner households to receive child care allowances. Second, it was found that providing universal child care support from 2005 to 2013 had a positive impact on women's employment. Women who received child care expense support during this period had an 8.5 percentage point higher probability of getting a job than women who did not. The positive impact began to appear in 2009 and continued until 2012. The impact of child care expense support on employment was high with women who had three- to five-year-old children, with women who had a single child, and with women in low-income brackets. Third, child care allowances had a negative impact on women's employment while having an effect opposite to that of child care expense support. Women who received child care allowances from 2010 to 2013 had a 15.5 percentage point lower probability of getting a job than women who did not. Even in 2013 when child care allowances were universally provided and the allowance recipients increased in number, the employment probability of child care allowance recipients was approximately 30 percentage point lower than that of non-recipients. Also, child care allowances had an effect of lowering the employment probability of women with 0- to 2-year-old children and women in low income brackets. When we compared the employment probabilities

of the recipients by putting into a model both child care expense support and child care allowances, women who received child care expense support had a 24.1 percentage point higher probability of getting a job than women who received child care allowances.

We analyzed a series of policies, systems, and environments that enabled women to continue to work without career interruption according to their life cycles. The result of the analysis showed that each system had different impacts on women's employment while the system had its own goals to attain. This result may be obvious because the systems were not designed to focus on women's employment. However, if the support systems change to be more employment-friendly towards women in the process of institutional improvement in the future, they will have a positive impact than the present ones. In this context, we could identify a few important implications.

First, child care policies should be implemented chiefly in the direction of strengthening service support and weakening cash support. Unlike previous studies on the effects of child care expense support policies, this study analyzed the impacts after the recent implementation of child care support policies on a full scale and found that child care expense support had a positive impact on women's employment and therefore contributed to accomplishing the intended effects of policies. On the other hand, as it was found in previous studies, increasing cash support such as child care allowances raised income other than earned income and thus impeded women's supply of labor. According to the results of this study, child care allowances had a more negative impact on women with young children or women in low income brackets. The period of children's young age

corresponds to an early stage of women's career break, and the fact that child care allowances had a negative impact on women in low income brackets shows that the policy of child care allowances was not desirable at least for women's employment.

Second, the outcome of women's employment did not immediately respond to policy inputs but appeared with time difference of a few years. According to the trends in changes of employment effects of receiving child care expense support by year, it was found that women's employment did not instantly respond to expansion of child care expense support, but the accumulated effects of the policy appeared with time difference. The outcome of recent institutional restructuring as a child care support policy that presupposed women's employment did not appear in a short term either. Therefore, we need to review the preventive effects of the policy on women's career interruption and effects on career-interrupted women's re-employment from a long-term perspective.

Third, the burden of child care should be eased in the direction of weakening the gender role division of labor. As shown from the impacts of receiving child care allowances, we should reject policies that strengthen the fixed idea and gender role division of labor that women have the primary responsibility for raising children. In this regard, universal child care services became a basis not only for expanding women's participation in economic activity but also for resolving the gender division of labor in care.

Fourth, it is an urgent and pending issue to practically reduce child care costs and build infrastructure for high quality child care services by raising the efficiency of using these services. Thanks to the expansion of child care expense support, the burden of child

care costs decreased. In spite of this, parents showed low satisfaction with child care services, which means that conditions are yet to be implemented for women to leave children with an easy mind under another's care before getting a job. The reality is that whether women have dependable care resources, including their parents, is still an important factor in determining women's career retention. As long as this reality does not improve, the policy performance of expanding child care expense support will remain at a limited level.

## **2. Impact of the Elementary School-aged Children's Educational Support Policy on Women's Employment**

Even when children pass infancy and toddler stages and enter elementary schools, married women's responsibilities and roles regarding child care and education hinder their participation in the labor market. This is evidenced by the fact that women's employment rate is low until their children's early elementary school years. According to the results of this study, school education policies and school field showed incongruity in the reality of the labor market. The research findings can be summarized as follows:

First, requests for supporting children's educational activity as students' parents, participation in the activity and participants were different depending on the kinds of support activity and mother's employment status. Non-working mothers had more requests for participating in school support activity and had higher participation in almost all activities than working mothers. Second, mothers were primarily responsible for child care and education in schools and homes. Whether they lived together or not, grandmothers undertook a greater role in child care than fathers. This shows that there is

still a big gender difference in bearing the burden of child care. Third, we surveyed the impacts of parental role on children's educational performance, personality, peer relations, and the expectation surrounding the mother's role. As a result, more perceived that a mother's work would have a negative impact on children. There was also a high level of agreement that government policies did not take two-income households into consideration. Fourth, we compared the characteristics of working mothers' current job and non-working mothers' last job. As a result, working hours, commuting time, and income levels of non-working mothers' last job showed characteristics that made work-family reconciliation more difficult than those of working mothers' current job. Fifth, the primary caregivers (institutions) of elementary school children after school were mothers and private institutes. Households that used Elementary Student Care Class or Children's Community Center were one to two households out of 10. Regarding Elementary Student Care Class, satisfaction with its operation and expertise of human resources was relatively low.

Sixth, over half of the respondents expressed dissatisfaction with the short-term vacation system as a representative policy case that the government did not consider two-income households. Dissatisfaction of working mothers was higher than that of non-working mothers. Seventh, when difficulties of balancing work and family were compared before and after children entered elementary school, 81.9% of the respondents answered that the difficulties increased after children entered school.

We analyzed the impacts of school education support activity on married women's employment. As a result, we found an opinion that a mother's work had a negative impact on children as well as a

perception that work and family reconciliation became more difficult after children entered elementary school than before. Therefore, a mother's work would have a negative impact on the probability of married women's getting a job. The perception of the importance of the parental role in children's educational performance or peer relations had a positive impact on children's education support activity. The more working mothers participated in children's educational support activity despite their current employed status, the more they quit their jobs or wanted to quit the job. The more parents perceived the importance of parental role in their children's peer relations, the more the perception had a positive impact on the probability of career interruption. The more working mothers felt that work-family reconciliation was difficult during their children's elementary school years, the higher their career interruption became. Moving or transferring their address for children's education, which was used as a proxy variable for educational enthusiasm for children, had a positive impact on the possibility of career interruption.

There were very limited decision-making cases in the school field that presupposed working parents. Although previous studies presented various opinions about the impacts of mother's employment on student's performance, they did not seek solutions to rectify the issue from the perspective of women's employment. The results of this study provide the following important implications for women's low employment rate during their children's early elementary school years.

First, educational support activity for children in their early elementary school years still tends to use mothers as the primary help. In particular, it is worrisome that the school's educational

support activity based on full-time mothers whose spouses are in high income brackets may reproduce the gender division of labor that views women's employment as additional.

Second, the social expectation of a mother's role in her children's educational performance not only consolidates the gender division of labor but also passes the role of school onto the students' parents, thereby having a negative impact on women's employment. Therefore, innovation is needed in the educational field of schools to ensure faithful performance of school function and role.

Third, parent's employment should be the most fundamental premise for many educational activities that are conducted in schools. Schools should actively seek measures for cooperation to do so not only by surveying opinions about the time for opening and closing the schools to reflect the results of the survey but also by building a cooperative network with the community to remove the areas that are out of reach of care services.

Fourth, even greater difficulties in work-family reconciliation during children's primary school years demonstrate the need for expanding care policies that have concentrated on infants and toddlers. Discussion about ways to fill in the after-school care vacuum should be made not simply for early elementary school years but also for a broader scope.

After all, the biggest problem in raising children is long working hours, which is common to women with infants or toddlers and women with children in lower grades. According to the survey of actual conditions, about half of married women responded that the practice of long working hours was an obstacle that made their work-family reconciliation difficult when they got a job. This barrier

to career retention felt higher to non-working mothers than working mothers and the barrier of the practice and culture of long-working hours felt even higher to non-working women who had no plan to seek a job. This shows that the fundamental problem still remains that the work-centered attitude of Korean society is the biggest hindrance to women's employment.

In addition, the social and cultural expectations and norms of parental roles for child care and education still remain as a mechanism that strengthens women's gender division of labor. As long as the gender division of labor remains despite the differences of parental roles according to the times and depending on the environment the parents are in, it will have a negative effect on women's employment and become a considerable impeding factor for alleviating the phenomenon of career interruption.

### **3. Impact of the Minimum Wage Policy on Women's Employment**

What we should take notice of in the labor market of middle-aged women is the minimum wage system. The minimum wage system can have a direct impact on the women's labor market with a high proportion of non-regular workers and severe gender segregation among business and occupation types. In this study, we paid attention to the problems of women's low-wage labor market and minimum wage. The results of the analysis are as follows:

First, problems of women's low-wage labor market actually have not been much improved since 2010, nor has gender segregation been much improved in the low-wage business type in which women have been concentrated since 2010. This shows that it is slow to narrow gender wage gaps.

Second, as wage gaps for each quantile were very wide among women, the wage per hour of the first quantile was a mere 15.6% of that of the 10th quantile. Also, differences in the distribution of business or occupation types by quantile were pretty big, showing that Korean women's labor market is still segregated mostly in particular business and occupation types.

Third, we explored how much the minimum wage system could narrow gender gaps and found that the minimum wage was positive on reducing gender gaps. Although the degree of positive impact turned out to be very different depending on the methods of analysis, the impact on women's labor market with many low-wage workers was definitely larger than on men's labor market. Our regression analysis showed that increasing the minimum wage had a statistically significant positive effect on improving wage levels. Also, raising the minimum wage after matching and controlling gender characteristics had a significant impact on improving the gender wage ratio. The result of analysis using counterfactual wage distribution also showed that the minimum wage alleviated gender wage gap in the low-wage quantiles of the fourth quantile or lower.

To put all these results together, women's low wage issue needs to be addressed as central agenda in improving the overall labor market structure. As already revealed in the discussion process of improving the labor market structure, the problem of female, non-regular, and small-sized business places is a major factor for aggravating the segmented labor market. An absence of wage premiums according to skills or years of service in business or occupation types with many low-wage workers caused the wage gap to become wider, and women were concentrated in such secondary

labor market. These results provide the following implications:

First, women in low-paying jobs were concentrated in middle-aged, low-educated groups. In other words, women who reenter the labor market after career interruption became major groups of low wage work. Also, their low wage became the cause for re-interruption of their career after they reenter the labor market. Therefore, it is very important to make effort to gradually reduce low-paying jobs from the perspective of raising women's employment rate and promoting career-interrupted women's restart.

Second, as it approaches recent years, the wage of married women became higher than that of unmarried women. As to age group, the wage of women in their 30s or older became higher. All this means that the proportion of long-term employed workers became relatively high. This change has solidified since 2013, showing that trends in the women's labor market may change too. As such, policies on the prevention of women's career interruption are a major policy means to bridge wage gaps. Therefore, in order to prevent career interruption, it is necessary to improve discrimination in business places, take measures for work and family reconciliation, and strengthen child care policies, including establishing child care facilities in the workplace.

Third, as the bottom line of wage levels, the minimum wage can influence the wage levels of female low-wage workers and narrow gender gaps. Therefore, it is important to grant a policy goal of "alleviating gender gaps" in the process of determining the minimum wage.

Fourth, there is still a large number of women who are out of reach of the minimum wage system, hence the effects of the system

on the labor market are limited. As this problem should be urgently improved, it is necessary to take measures such as reinforcing administrative power.

Fifth, as it was found from a series of previous studies that analyzed the causes of the overall gender wage gap, it is even more important to resolve the issue of the gender wage gap in the high wage quantiles. Therefore, the most effective means of bridging the gender wage gap is to increase the number of female workers in high-paying jobs. Because the minimum wage system has a positive but relatively limited impact on alleviating the gender wage gap, it is necessary to seek diverse policy means on top of the minimum wage system.

## IV. Policy Suggestions

The policies subject to this study are a very important means of changing the labor market and social structure necessary to raise women's employment rate. In order to achieve the unique purposes of each policy and at the same time consider its impact on women's employment and to have the policies function in a more aligned way, various policy agendas must be established. The most important takeaway for this study is that policies should achieve women's employment and gender equality. Considering the fact that women's employment rate is high in countries with high-level gender equality, women's employment and gender equality are highly likely to be attained at the same time. To this end, this study presented policy agendas for each policy area.

### 1. Child Care Policy

#### 1) Promote women's employment-friendliness of child care policy

- ☐ Reduce cash support and strengthen service support
  - Set the policy directions toward reducing cash support and strengthening service support that can expand women's participation in the labor market.

#### 2) Enhance the gender equality of child care

- ☐ Expand men's participation in child care
  - As the negative perception of having child care at care centers during infancy is the mechanism of concentrating care responsibility on women, take stronger measures to expand men's participation

in care to reinforce care responsibilities of both parents.

- Promote men's use of child care leave, increase incentives for enterprises to expand the use of shorter working hours during the child care period, and make it mandatory to give a public notice (in connection with the public notice system for employment type).

### 3) Reinforce the public responsibility for childcare service

- ☐ Establish mid- to long-term plans and build governance to reinforce the public responsibility for childcare service
  - Resolve information asymmetry and reduce the burden of ensuing costs by strengthening the government's function of providing information and certification.
  - Observe the requirement of making mid- to long-term plans to coordinate the proportion of sharing the national, public, and private costs, and clearly state that agreements should be made among stakeholders.

### 4) Raise the quality of child care

- ☐ Improve working conditions of child care teachers
  - Make plans to improve working conditions of child care teachers in connection with improving labor conditions of the overall social service workers by introducing the pay step system that reflects educational levels and work experiences.
- ☐ Improve the assessment and certification system
  - Make the assessment and certification system mandatory.
  - Expand participation of teachers and parents in the assessment

and certification process.

- Strengthen connection with financial support for facilities according to the results of the assessment.

## 2. Children's Education Policy

### 1) Raise working mother-friendliness of children's education policy

- ☐ Promote the employment friendliness of parents participation programs in school
  - Limit weekday participation activity, presupposing that working parents participate in school.
  - Limit parents' participation in unnecessary support activity and normalize school's educational activity.
- ☐ Enhance employment friendliness of school schedule
  - If the rigidity of the labor market cannot be eased in a short time, set the time to go to school and come home from school at 8:30–18:30 because workers, in general, are required to go to work and come home from work during this time frame.
  - Because a short-term vacation causes a care vacuum, implement the short-term vacation in elementary schools based on prior opinion surveys to resolve the issue of the care vacuum.
- ☐ Strengthen the function of giving a detailed notice on student's educational activity and academic performance to raise fairness
  - Improve guidelines for giving a periodical and systematic notice on school's plans for educational activity.
  - Provide specific evaluation guidelines in advance and reinforce

notice lest student's educational performance be affected by mother's participation level.

## 2) Lay a foundation for children's education support activity

- ☐ Participate in children's education support activity at school in a gender-equal way
  - Change the name of the Green Mothers' Association to the Green Parents' Association to expand fathers' participation in education support activity at school as the support activity has so far presupposed women's participation, including mothers' association.
  - Periodically conduct "gender impact assessment of educational activity in elementary schools" to evaluate gender equality of educational activity at school.
  - Periodically conduct "employment impact assessment of educational activity at school" to evaluate working mother- friendliness of educational activity at school.

## 3) Strengthen the infrastructure for care

- ☐ Strengthen the public infrastructure for care, including Elementary Student Care Class
  - Lay legal and institutional bases to expand after-school care of students during the elementary school period when they are highly dependent on private institutes (currently, no legal basis).
  - Build cooperative governance with local governments to support care network with the communities.
  - Build infrastructure for working mother-friendly care.

### 3. Wage Policy

#### 1) Narrow gender wage gaps

☐ Monitor gender wage gaps

- Take tangible measures for reducing gender wage gaps in the current situation where the gaps persist and clearly state “measures for reducing gender wage gaps” in related laws.
- Clearly set a goal to resolve the issue of gender wage gap in the Framework Act on Gender Equality and prepare phased measures to achieve the goal. Make annual action plans and prepare a measure for public notice.

#### 2) Assess the gender impact of improvement in wage system

☐ Reinforce gender impact assessment of wage system

- Perform gender impact assessment of the minimum wage system, and the wage peak system, etc.

☐ Strengthen monitoring of business places with workers paid less than the minimum wage

- Reinforce administrative power to reduce the number of workers paid less than the minimum wage.
- Expand distribution of employment rules and standard employment contracts.

#### 3) Build governance to narrow wage gaps

☐ Establish and operate a Korean-style Equal Employment Opportunity Commission (EEOC) in the National Human Rights Committee

- Establish and operate a commission to correct wage discriminatory practices
- Strengthen the organization that implements corrective measures for wage discrimination by gender and by employment status.

#### 4) Improve the minimum wage system

- Clearly state “alleviate the gaps by gender and by employment status” in factors to consider when determining the minimum wage.
- Promote the use of the analysis of gender gaps conducted by the Research Committee under the Minimum Wage Commission when deliberating minimum wage.