
A Study on the Measures to Ensure Effective Income Security for Parental Leave

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The purpose of this study is to improve the effectiveness of parental leave system in terms of family income security. This study explores the limitation of payment structure in the parental leave system and how it hinders its utilization. To improve the utilization of the parental leave system, this study examines its possible associations to the other systems. The main contents of the study are as follows.

First, there is a general increase in the trend of using maternity leave and parental leave. Fathers using parental leave are in a growing trend but they still only accounts for 5% of all the parental leave users.

Second, the developmental process of maternity leave and parental leave system in Korea was reviewed through the National Assembly Minutes on "Labor

Standards Act?, ?Employment Insurance Act?, and ?Equal Employment Opportunity Act?. At the time of instituting the first paid-parental leave, there was a fierce debate on the financing method and the payment level. The system was first paid in a flat-rate, where the financing method took the consideration of the employment insurance and the payment level took the consideration of the financial circumstance. Since then, there has been numerous controversy over the payment level and by 2011, the system was finally switched to earnings-related parental leave system. There has been also concerns on the financial burden and increasing duration of women's career break due to the increasing time frame to use up the parental leave to the certain age of a child. However, the convenience of the users have outweighed the odds and the time frame to use up the parental leave has been continuously expanding to now children's age of 8. On the other hand, the entitlement to father's parental leave can be regarded as having been rapidly expanding to the level of granting higher entitlement in 2014 where prior to 1995, there was no explicit entitlement.

Third, the study analyzed the discourse of the legal system surrounding parental leave. The discourse analysis results are as follows. First of all, in terms of women's working condition, maternity leave provide an individual leave. In principle, paid leave is an obligation of employers but only a limited obligation of the state. Next, paternity leave is a partially a family right and it falls under the full responsibility of the employers. Lastly, parental leave is regarded as a system to support work-family balance. However the degree of responsibility that the employers hold is weak. In addition, the state does not necessarily have to support the cost of living for the employees during their parental leave. Furthermore, the period of use is limited on whether or not the spouse is using the leave. Therefore, the entitlement of parental leave is partially shown as a family right that parents can divide between themselves as they choose. However, when it comes to the entitlement of payment, it reflects the family

entitlement more affirmatively than the entitlement to parental leave because when a married couple uses leave at the same time, only one person is paid. Additionally, even when the maximum benefit can be received, the payment level is as low as a public assistance. And the requirement to pay 25% of the payment after reinstatement is considered to contrary to the objective to the income security.

Fourth, the effect of women's economic role on the decision to take parental leave in the family has been analyzed by using the data of the ??Korea Welfare Panel Study??. The result shows, the income level of a female individual is statistically significant to the use of parental leave. Moreover, the analysis shows a high probability that the women with higher education are more likely to use parental leave continuously after the childbirth. It was also shown that small-enterprises have a very negative effect on the proactive use of parental-leave. The possibility of using parental leave is statistically significant as the share of women's income increases in the total household income. In particular, the greater the economic role of women play in the household and the lesser women who are employed in small-enterprises, the greater the likelihood that they will not be able to take the advantage of parental leave. Fifth, the simulation results by using the OECD document are as follows. South Korea's parental leave payment level is significantly low and it is believed to hinder the use of parental leave to its main users. Compared to the United Kingdom where it is classified as a liberal welfare regime, South Korea has a well organized parental leave system. But the payment level of South Korea's system is significantly lower than those of Sweden and Germany, so it is difficult to function as earnings related payment. Looking at Sweden with its ideal parental leave system, both its earnings related rate on parental leave payment and maximum payment limit are possible to guarantee a substantial income for employees in parental leave where the payment can go far above their average wage. In Germany, the maximum payment limit is somewhat low,

but even when the primary earner goes into parental leave, the family could live at a much higher quality of life than the poverty line. In South Korea's case, the payment level is already low and part of it is paid after reinstatement, so the actual level of income during parental leave is even slightly decreases. Therefore, subsequent payment should be abolished. Moreover, the role of family benefits such as child allowance should be actively reviewed. The three countries outlined above all provide family benefits such as child allowance and these kind of family benefits play a role on supplementing insufficient income during the leave. In South Korea's case, child home care allowance is categorized in family benefits but in reality, child home care allowance is only given in condition to not attending the day-care centers. Therefore, the South Korea's case cannot be discussed on the same level with the other countries. Furthermore, in the parental leave system, there should be consideration to the different types families such as single-parent household. South Korea's parental leave system which has established based on the individual entitlement is unintentionally appearing to work against the single-parent households. In the countries where the parental leave system has been established in family entitlement, per 1 child, the system gives rights for fixed days of vacation and leaves. And also, in the case of step-parent, this entitlement can be shared. However in South Korea, only the direct relationship between an individual and his or her child is mainly considered, resulting in only granting half of entitlement to the single-parent household.

From the above findings, this study suggests the following policy recommendations. First it is necessary to remove the requirement that 25% of parental leave benefits be paid 6 months after the reinstatement. Second, there is a need to raise the maximum payment limit on parental leave which is currently at very low level. Third, there should be a wider support for the employers in order to increase the incentives for utilizing the parental leave system. Fourth, the current parental leave system is unintentionally acting

against a single-parent house hold so there is a need to grant a separate entitlement to a single-parent. Fifth, in the long run, there is a need to increase the replacement rate on parental leave payment. Sixth, the leave entitlement and pay entitlement should be separated to increase the applicability to the self-employed. Seventh, there is a need to transfer child home care allowance to general child allowance. Eighth, to secure a stable financial resources for parental leave payment, there is a need to expand the support from the general revenue to employment insurance fund and in a long run, there is a need to raise fund for supporting households with children. Ninth, since the parental leave system cannot guarantee the income security of a single-parent household, there is a need to expand additional benefit system for a single-parent household.