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# Analysis of Affirmative Action and Its Impact on Female Employment

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Korean Women's Development Institute

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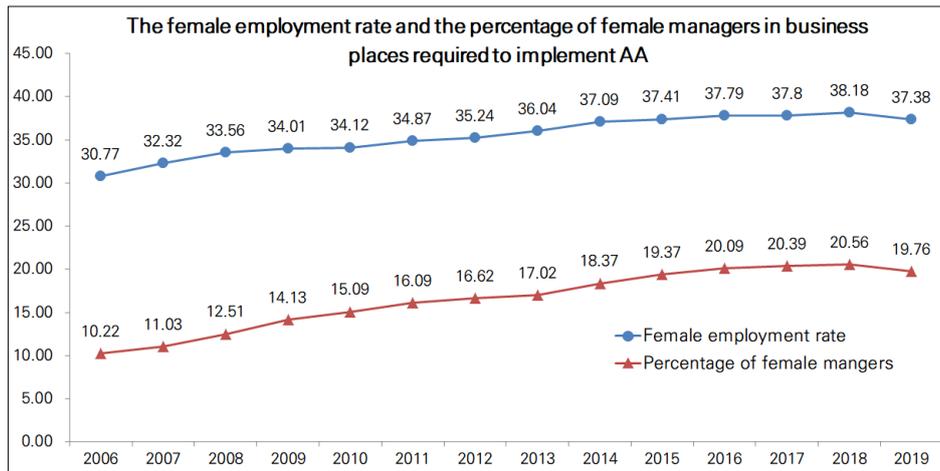
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## I . Introduction

### 1. Overview and objective

- South Korea introduced Affirmative Action (AA) in 2006 to improve the female employment rate and abolish gender discrimination in employment, and the policy has since been gradually expanded to include more business places. AA underwent changes over time, including requiring business places to meet 70% of the industry average of the female employment rate, followed by the decision in 2016 to make public the list of business places that fail to meet the target female employment rate.
- The female employment rate and the percentage of female managers are the two key indices of AA, and they determine the compliance or underperformance of business places subject to AA. Both indices showed improvements year-on-year up to 2017, before declining in

2018 when AA was introduced to local public enterprises and local public agencies.



Note: Compiled by the author

Source: Korea Labor and Employment Service. Analysis report: The status of male and female workers in business places required to implement AA (2019).

[Figure 1] The female employment rates and the percentage of female managers in business places required to implement AA

- AA was enforced in public institutions from 2013 and was expanded to local public enterprises (i.e., local government-invested public corporations and local public agencies) in 2019. As of 2019, the percentages of female executives and managers in public institutions and local public enterprises with 1,000 employees or more are lower than those of private companies. The female employment rate and the percentages of female managers and executives are especially low in local public enterprises in both categories of business places with 1,000 employees or more and those with less than 1,000 employees.

- According to the glass-ceiling index, which is announced annually by British weekly newspaper The Economist since 2013, South Korea’s percentages of female managers and female executives are one of the lowest among OECD countries.
- By focusing on these issues, this study analyzed how effectively AA improves female employment using the AA administrative database and others, conducted a focus group interview on public companies required to implement AA, and presented policy directions for a successful enforcement of AA in the public sector.

## 2. Review of prior research

### 1) Prior research into the outcome of affirmative action (AA)

#### □ Studies reporting AA’s positive effects

Researchers	Study method	Analysis	Study results
Holzer, H. & Neumark, D. (1999)	Survey of 3,200 workers residing in four major metropolitan areas of the United States	Required job skills and job performance	AA positively impacts the employment of less-educated minority workers (excluding white workers), and there is weak evidence that these hires result in poor business performance.
Carter, D. A., et al. (2003)	Significant Data for Directors of 638 companies among Fortune 1000 in 1999	Firm value measured with Tobin’s Q	A higher proportion of women and minorities on boards of directors increases diversity and firm value.
Erhardt N. L., et al. (2003)	Survey of 112 large US companies listed in Fortune magazine	Firm value (ROI and ROA)	Diversity in the board of directors positively impacts the firm’s ROI and ROA.

Researchers	Study method	Analysis	Study results
Myeong Suk Jeon, Hyang Ah Kim (2008)	Survey of 394 HR staff and 1,658 employees in companies required to implement AA.	- Employment status of female workers Evaluation of AA	Both HR staff and workers positively assessed the effects of AA.
Hyo Yong Seong (2008)	Workplace Panel Survey (WPS)	- The percentage of female workers and the percentage of female managers Firm performance	When analyzed with the Differences In Differences Method, the percentage of female workers and the percentage of female managers had a positive impact on ROE and ROS.
Jin Hwa Jeong, et al. (2010)	The Human Capital Corporate Panel (HCCP) survey and the Workplace Panel Survey (WPS)	- The percentage of female workers and the percentage of female managers - Return on Asset (ROA), return on sales (ROS)	The Human Capital Corporate Panel (HCCP) survey results indicate that AA positively impacted the percentage of female workers, the percentage of female managers, ROA and ROS.
Tae Hong Kim, et al. (2010)	Analyzed 351 private companies and 91 public companies with 1,000 or more employees that have been required to implement AA for four consecutive years	The female employment rate and the percentage of female managers	In the initial phase, AA did not have a significant impact on the female employment rate, but positive effects were found in 2009, indicating that AA has a considerably significant effect in raising the percentage of female managers.

□ Studies reporting AA's negative effects or ineffectiveness

Researchers	Study materials	Analysis	Study results
Shrader, C. B., et al. (1997)	Two hundred US firms listed in The Wall Street Journal	Firm's financial indicators (ROS, ROA, ROI, and ROE)	The percentage of women and financial indicators were not positively correlated. If anything, the ratio of women and the corporate value showed a significant negative correlation.
Marinova, J., et al. (2010)	AMADEUS data of 186 Dutch and Danish firms.	Tobin's Q measured as the ratio of the market value of a firm to the replacement cost of its assets	No distinct positive correlation was found between the ratio of female board members and Tobin's Q.
Ji Yeon Jang, et al. (2006)	Workplace Panel Survey (WPS)	Increased rates of sales and operating profit margin.	The total percentage of female workers negatively impacted the year-on-year growth rate of sales of the following year, and the percentage had no significant impact on the growth of operating profit margin.
Jung Min Nam, et al. (2013)	Workplace Panel Survey (2005-2009)	The female employment rate and the percentage of female managers	AA's effectiveness in increasing female employment and the percentage of female managers was not verified, and no correlation with productivity or corporate performance was found.
Geun Jae Lee (2016)	Human Capital Corporate Panel (HCCP) survey	Changes in the female employment rate and the percentage of female managers	In a simple Differences In Differences analysis, AA was effective in improving female employment in companies with employees between 500

Researchers	Study materials	Analysis	Study results
			and 999, but AA did not increase female employment in a double difference regression model where all explanatory variables were controlled.

## 2) Research reporting the shortcomings of AA

- The issue of reflecting the quality of female employment: Jin Hwa Jeong et al. (2014), Myeong Suk Jeon and Hyang Ah Kim (2008B), Ju Hee Lee (2011), Ju Hee Lee (2017), and Tae Hee Gwon and Jun Mon Cho (2007)
- The effectiveness of the policy: Jae Ho Geum (2012), Seon Hwa Gwak (2015), and Su Mi Eun (2014)
- The criteria for determining the female employment rate of a peer group: Ju Hee Lee (2017), and Hye Won Cho and In Hee Ham (2016)
- Incorrect reporting and inaccuracy of materials: Ju Hee Lee (2012), Seung Hyeop Lee (2016), and Ju Hee Lee (2017)

## 3) Research suggesting improvements for AA

- Expanding the scope of business places to have more employees required to implement AA: Jae Ho Geum (2012), and Seon Hwa Gwak (2015)
- Reflecting a work-family balance index: Myeong Suk Jeon and Hyang Ah Kim (2008a), Chang Hyeon Gang and Su Yeon Heo

(2016), Hyang Ah Kim and Yun Gyeong Ji (2007), and Seung Hyeop Lee (2016)

- Applying criteria based on the employment characteristics of each industry: Chang Hyeon Gang and Su Yeon Heo (2016), Tae Hong Kim (2010), Jae Min Seong and Hyo Mi Choi (2015), Jae Ho Geum (2012), and Ju Hee Lee (2011)
- Applying penalties and expanding incentives: In Yi Choi (2015), Seon Hwa Gwak (2015), Jin Hwa Jeong et al. (2014), Seon Hwa Gwak (2015), Seung Hyeop Lee (2016). Tae Hong Kim et al. (2010), Jong Suk Kim and Taek Myeon Lee (2013), and Jae Ho Geum (2012)
- Making public the types of wage and employment for improving the quality of female employment: Ju Hee Lee (2011), Ju Hee Lee (2017), Jin Hwa Jeong et al. (2014), and Seung Hyeop Lee (2016).

## II. The female employment status of business places required to implement AA

- The female employment status of business places required to implement AA was analyzed for the period from 2013 to 2019 based on industry type (whether the industry is female-dominated), company size (distinguished as business places with 1,000 or more employees and those with less than 1,000 employees), sector (public or private), and ranks (all employees, executives, and managers).
- The female employment rate in the overall number of business

places required to implement AA has continuously improved in line with AA's expansion. In public institutions where AA was introduced from the initial phase, the increase in the percentage of female managers is more notable than the growth of the overall female employment rate.

- By company size, the growth rate of female employment and the percentage of female managers were more remarkable in business places with 1,000 employees or more than in those with less than 1,000 employees.
  - By industry type and company size, changes in the percentage meeting the female employment baseline (70% of industry average) were analyzed. The trend of major industries was analyzed by dividing industries into female-dominated and male-dominated industries. The most distinct characteristic of the change was found in business places with less than 1,000 employees in male-dominated industries. The baseline is growing dramatically each year in ground and marine transportation industries, and other industries by and large show an upward trend as well. The changes in the percentage of female managers were also studied with the same method, and results show that there is a constant upward trend in establishments with 1,000 or more employees in male-dominated industries.
- The compliance of female employment criteria was studied for business places that were required to submit an action plan for improving their female employment. In establishments with 1,000 employees or more, the compliance rate increased even after the baseline was raised from 60% to 70%.

- In contrast, more companies with employees between 500 and 999 failed to meet the baseline in 2019 as opposed to the majority of them having satisfied the baseline in 2013. The results imply that individual companies' attempt at satisfying the baseline have failed to keep up with the effects of the raised baseline.
- The changes in the percentage of female employees in different job positions were studied in business places required to implement AA, and results show that whereas the percentage of female executives repeated ups and downs, the percentage of female managers constantly grew in business places of all sizes.
  - When the changes in the female employment rate were studied by classifying industries into female-dominated and male-dominated ones, the female employment rate grew in male-dominated industries of all sizes, indicating that the improved female employment rate, along with the raised baseline in 2015, had a stronger impact on industries that have traditionally been dominated by men.
  - In traditional male-dominated industries, increasing the percentage of female executives had a consistent impact on raising the percentage of female managers, suggesting that improving the percentage of female executives in an organization can be an effective strategy in raising the percentage of middle managers in the case of male-dominated industries.
- The changes in the female employment and the percentage of female managers were studied by dividing industries into the public and private sectors. The results show that except for some cases, numerous industries experienced a growth in female employment

rate in the public sector regardless of industry type, and the increase stands out relatively more in male-dominated industries in the public sector.

- An analysis of the status of business places required to submit an action plan and their quantitative change found that in female-dominated industries, the submission rate temporarily increased in some cases, but an overall downward trend was observed.
  - The female employment rate and the percentage of female managers consistently grew in male-dominated industries including technical service-related industries, electric, gas and water utility, sewage and water treatment, raw material recycling, and environmental restoration. However, the rate of business places filing an action plan also grew, indicating that male-dominated industries still find it difficult to satisfy the female employment standards.
- According to the analysis of the female employment status of business places that have provided an action plan, the female employment rate grew by and large in establishments with 1,000 employees or more in male-dominated industries.
  - In the case of the percentage of female managers, the percentage increased regardless of company size in male-dominated industries, signifying that the submission of an action plan had a positive impact on adding female managers in male-dominated industries.
  - In the private sector, the percentage of female executives generally increased, except for some male-dominated industries. According to the analysis of the changes in the percentage of female

managers, the percentage showed an overall upward trend regardless of the industry's dominant gender, and the trend was more remarkable in the public sector.

### III. Analysis of the changes in South Korea's affirmative action (AA) and AA's effectiveness in improving female employment in business places required to implement AA.

- In 2015, the South Korean government put stronger AA measures in place, including increasing the female employment baseline applied by industry and company size (from 60% of the industry average to 70%), and making public the list of underperforming business places. This paper studied the effectiveness of the revised policy with data from the AA administrative database. The changes in the female employment rate and the percentage of female managers were studied by investigating the compliance of the female employment baseline and the submission of an action plan by business places required to implement AA.

#### 1. Analysis of basic statistics

- In order to explore how effectively the increased female employment baseline (70% of the industry average) and the disclosure of underperforming companies improved the female employment rate, the changes in 2017 were compared with the 2015 data. The comparison indicated that the increased rate of female employment was greater in underperforming companies. This runs opposite to the

comparison of 2006 and 2008 when the 60% baseline was introduced and may be interpreted as the overlapping effect of AA's successful enforcement and the structural changes associated with the increase in women's participation in economic activities.

- As for AA's effectiveness in business places of different sizes, the study found that business places with less than 1,000 employees showed different results depending on their compliance with the baseline (i.e., the increased rate of female employment narrowed in compliant establishments and widened in underperforming ones). The results were more consistent in business places with 1,000 employees or more, and the effectiveness of the revised policy was witnessed to be more sensitive in smaller business places.
  - By sector, the female employment rate improved regardless of baseline compliance in the public sector, whereas in the private sector, the rate increased only in underperforming companies.
  - Depending on the compliance with the baseline, the effectiveness of improving the female manager ratio was very notable.
  - In companies with less than 1,000 employees, the percentage of female managers increased on average regardless of their organizations' compliance with the baseline, whereas the female employment rate dropped in compliant establishments with 1,000 employees or more. The results run contrary to the share of female employees. AA's effectiveness in improving the female employment rate is expected to be most significant in companies with less than 1,000 employees, and its effectiveness in raising the percentage of female managers will be greatest in companies with 1,000 employees or more. The results allow room for interpretation, but

the analysis suggests that it may be more effective to apply different baselines for the female employment rate and the percentage of female managers, rather than applying a uniform baseline across industries and companies of different sizes.

- The changes in the percentage of female managers were obtained by differentiating the public and private sectors and by focusing on their compliance with the baseline. As with the female employment rate, private companies were found to respond more sensitively to the policy than their public peers. Despite the overall upward trend of female employment and the percentage of female employees in the public sector, there is a need to delve into the conditions that prevent the public sector from readily accepting the changes of AA.
- The study also looked into the effectiveness of releasing the list of underperforming business places, and the results showed that the effectiveness of disclosure was more remarkable in 2017 than in 2016 when the first list was made public. Moreover, the female employment rate fell overall regardless of disclosure of companies with less than 1,000 employees, whereas the effectiveness of disclosure was very distinctly observed in companies with 1,000 employees or more that had been included in the list, which indicates that the so-called reputation effect of valuing corporate image is more significant in large-sized companies.

## 2. In-depth analysis

- The differences in differences (DID) method was deployed to study the net effect of the changes in AA - including the increase of the female employment baseline to 70% and the disclosure of

underperforming business places - on female employment and the increase in female managers.

### 1) Analysis model

$$ratio_{i,t} = \beta_0 + \delta_0 Time_t + \beta_1 Treat_i + \delta_1 (Time_t \cdot Treat_i) + X_{i,t} + e_{i,t}$$

- The policy result variables ( $ratio_{i,t}$ ) are set as the female employment rate and the percentage of female managers.
- $Time_t$  is a dummy variable indicating the time before and after the introduction of the revised policy. The value is 0 if the year precedes the introduction of the female employment baseline of 70% and the disclosure of underperforming business places, and the value of 1 is designated for the following years.  $Treat_i$  indicates whether a company is required to implement the policy. The value is 1 if the business places are required to implement the female employment baseline of 70%, and if not, the value is 0. The same criteria are applied to the disclosure of underperforming business places.
- The double difference estimate indicating AA's pure policy effect is  $\delta_1$ , produced by the interaction of the two dummy variables of the time of enforcement and the enforced group.

### 2) Analysis results

- First, a simple regression analysis was performed to determine whether the compliance in each year with the female employment baseline and the female manager baseline of 70% resulted in raising female employment and raising the percentage of female managers.

The results suggested that both baselines increased the share of women on a significant level.

- When the same analysis was conducted by controlling the female employment rate or the percentage of female managers, the results showed that the significance was partially lost. Accordingly, the net effect was analyzed with the DID method, and the results showed that in all cases, the interaction of the treatment variable and the time variable had a significant positive (+) value, and the effect on the rate of ratio change was different depending on company size or type.
  - In terms of company size, the female employment rate increased more in companies with 1,000 employees or more. Compared to private companies, public institutions recorded a lower female employment rate and a smaller share of female managers. This may be attributable to the fact that the share of women has already reached a considerable level in public institutions, but the gap suggests the need for applying varying criteria in the public and private sectors.
  - Lastly, the pure policy effect of introducing the policy of disclosing the list of underperforming business places was analyzed, and the results indicate that in the short-term, the disclosure is effective in increasing the percentage of female managers in companies.

#### IV. Analysis of AA's effectiveness in improving female employment across business places

- AA's effect on female employment was studied using data from the Workplace Panel Survey (WPS), and the effect of gender diversity on business performance was also analyzed.

##### 1. Variables

- Unlike previous research, this study designated the natural logarithm of the number of female employees as the dependent variable.
  - The number of female employees, which was used as the dependent variable, was classified into the total number of female employees, the number of female managers, and the number of female executives.
- Control variables include the length of business operation, the natural logarithm of the total number of employees, the natural logarithm of sales, the existence of a labor union, the availability of pre-natal and post-natal leave, the availability of childcare facilities in the workplace, the natural logarithm of employees' per capita wage, the industry dummy, and the year dummy.
- The analysis identified whether a company is required to implement AA to investigate the effectiveness of policy, and the interaction of year and AA was added in order to explore AA's effectiveness by year.

## 2. Analysis model

$$Y_{it} = \alpha_0 + \beta_1 X_{it} + \beta_2 D.Year * D.AA + u_i + e_{it}$$

(단,  $i = 1, \dots, N; t = 1, \dots, T$ )

- $Y_{it}$  equals the natural logarithm of the number of female employees, the natural logarithm of the number of female managers, and the natural logarithm of the number of female executives.
- The explanatory variable  $X_{it}$  includes the length of business operation, the natural logarithm of the total number of employees, the natural logarithm of sales, the existence of a labor union, the availability of pre-natal and post-natal leaves, the availability of childcare facilities in the workplace, the natural logarithm of employees' per capita wage, the industry dummy, and the year dummy.
- $D.Year * D.AA$  indicates the interaction of the year dummy and the dummy of business places required to implement AA.
- The random effect model was used for panel regression analysis by considering that the effects of the industry dummy, which is one of the major variables of this study, are not explicitly displayed in fixed effects.

$$y_{1it} = \alpha_1 + \beta_1 x_{1it} + \gamma_1 y_{2it} + u_{1it} + e_{1it}$$

$$y_{2it} = \alpha_2 + \beta_2 x_{2it} + \gamma_2 y_{1it} + u_{2it} + e_{2it}$$

(단,  $i = 1, \dots, N; t = 1, \dots, T$ )

- The two-stage least squares (2SLS) model was used to investigate how gender diversity in the workplace influences business performance as measured by sales.

- The control variables ( $x_{1it}$ ) that influence sales ( $y_{1it}$ ) include the length of business operation, the total number of employees, the existence of a labor union, the industry dummy, and the year dummy. The percentage of women was used as the policy variable ( $y_{1it}$ ) representing gender diversity.
- Per capita wage, pre-natal and post-natal leaves, childcare leave, and childcare facilities in the workplace were added as instrument variables in addition to  $x_{1it}$ , which impacted sales as an instrumental value of the female ratio ( $x_{1it}$ ).

### 3. Analysis results

- According to the analysis, the introduction of AA had a statistically-significant positive effect on the female employment in companies required to implement the policy, and AA was also found to increase the number of female managers.
  - A positive effect was also witnessed in the number of female executives as indicated by an overall growth in the coefficient since AA's enforcement. Previous studies failed to discover statistically-significant results in this area, which may be attributable to the fact that this study used the number of female employees as the dependent variable and assigned the total number of employees as the control variable as opposed to previous studies where the female ratio was used as the dependent variable.
  - The findings suggest that whereas AA had no statistically-significant effect on improving the share of women in the workplace, it was effective in increasing the number of female

employees in the workplace. After AA was strengthened by raising the baseline from 60% to 70% in 2013 and making public the list of underperforming business places in 2016, the strengthened policy resulted in a negative coefficient in terms of the number of female employees, but not on a statistically-significant level. Female managers showed a positive value, which was statistically-significant from three years after AA's enforcement.

- AA's effect on the number of female executives had a negative coefficient, which was statistically-significant in the third year that AA was strengthened. It was confirmed that during the periods of expanding the scope or strengthening the standards, the female employment rate of companies required to implement AA was relatively low. The finding can be interpreted as the effect of expanding the scope or strengthening the standards being negative in the short-term, but in the long-term, the policy helped increase the number of female employees.
- As for the effect of gender diversity in the workplace on business performance (sales for the term), business places with more women in the workplace, female managers, and female executives recorded high sales, suggesting that increasing female employment has a positive impact on business performance.
- Results show that AA positively impacts the number of female employees without positively influencing the female employment rate, which may be due to the fact that the current policy applies the relative standard of requiring business places to meet 70% of the industry average. As a result, underperforming industries when hiring more women are induced to meet the 70% baseline but stay

below the average, which hinders the overall increase of the average.

- In order to improve AA's effect on increasing the female employment rate, fixed standards must be defined, instead of the relative standard of 70% of the industry average, while varying the target attainment date by industry.

## V. A focus group interview on public institutions required to implement AA

### 1. Survey objective, scope, and findings

- A focus group interview (FGI) was conducted to further investigate the fact that among the business places that were required to implement AA in 2018, the percentage of female managers was lower in public institutions compared to local government-invested public corporations and private companies. Based on survey results, policy suggestions were made to help local public enterprises swiftly adapt to AA from an early stage and to produce meaningful results in implementing AA in the public sector.
- In defining the FGI target among business places in the public sector that were required to implement AA in 2019, the distribution of public institutions and local government-invested public corporations and the proportion of business places that have not complied with the female manager baseline were considered, and accordingly, an excessively large sample was set by including local public enterprises and non-compliant business places.

〈Table 1〉 FGI scope and method

		Public institutions	Local public enterprises
Female managers	Compliant	Twelve interviewees	Six interviewees
	Non-compliant	Twelve interviewees	Ten interviewees
Survey method	Virtual online FGI including thirty-nine participants. An interview via email and phone call with one participant.		

- Based on the AA related materials provided by business places, the survey investigated the status of workers, wage status, female workforce status, employment, promotion and retirement status, and the conversion from a temporary to a permanent employee status. In the focus group interview, participants discussed employment, promotion, employee evaluation, support for work-family balance, and diversity management, and suggested improvements for AA.

## 2. Key findings related to the status of workers at business places

- The gender pay gap in local public enterprises varied considerably by rank: while the wage of women in Class 1, which is the highest rank, was 78.9% that of their male counterparts, women were paid more in the lower ranks of Classes 2 and 3.
- Among all managers, the gender gap in the continuous years of service was -19.4%, indicating that women have worked longer than men. The percentages were 2.1% for public institutions and -82.0% for local public enterprises.
  - Distinguished by rank, the gender gap in Class 1 managers of local public enterprises was 85.7%, which is almost twice the size of

the gender gap in the continuous years of service of Class 1 managers, standing at 44.7%.

- As for the percentage of female managers across ranks, women accounted for 0% of executives in local public enterprises.

〈Table 2〉 Fractions of female employees classified by rank (2019)

(Unit: %)

Type	Total	Executives	Manager or higher	Lower than manager
Public institutions	31.6	12.5	16.4	42.8
Local public enterprises	22.7	0.0	8.3	27.5
Total	28.4	10.0	14.4	35.4

- Women accounted for 31.0% of permanent employees and 38.4% of temporary employees, which means that the share of women in temporary positions was 7.4%p higher.
  - In local public enterprises, 21.4% of permanent employees were women, whereas the share was almost twice as large as women in temporary positions, where women accounted for 40.3%.
- While 40.3% of newly-hired employees in 2019 were women, they accounted for 36.9% of permanent employees, which was lower than the percentage of women in temporary positions at 46.4%,
  - Among the newly-hired temporary workers, women accounted for 51.2% in public institutions, which was higher than 34.1% in local public enterprises.
- In case of the percentage of women in different ranks among employees who were newly recruited in 2019, public institutions did

not hire any male or female executive, unlike local public enterprises, which only hired male executives.

- The study investigated the share of women among employees whose employment status was switched from temporary to permanent, and the percentage was lower in public institution than in local public enterprises. Among employees that have successfully gained permanent employee status, the percentage of women was higher in dispatched temporary workers than fixed-term temporary workers.

### 3. FGI findings

#### 1) Recruitment and placement

- Recruitment stages and procedure
  - More business places reset an employee's score in each stage of recruitment. The enforcement of the Fair Hiring Procedure Act caused business places to manage their recruitment very strictly, and more business places are outsourcing all or part of their recruitment process to preempt any possibility of irregularity.
  - Since the introduction of the Fair Hiring Procedure Act, many companies in the public sector carry out their recruitment process based on an interview guideline. Moreover, a growing number of local public enterprises invite local residents as observers in job interviews.
- The status of women examiners in recruitment committees
  - In cases where a recruitment committee had a female examiner, it was the result of a recommendation made in the public

institution evaluation process. According to the Ministry of Economy and Finance (MOEF) guidelines, public institutions in many cases organize the recruitment committee by inviting external examiners and female examiners in each recruitment stage and invite more than 50% of examiners from outside.

- The status of hiring experienced female employees in the most recent three years
  - Not many organizations have hired experienced female employees in the most recent three years. Moreover, it was mentioned at the FGI that HR management is more restricted in the public sector because the government oversees recruitment in the public sector.
- Efforts made at the recruitment stage to improve female employment
  - FGI participants were using various methods to improve female employment, including job fairs, on-campus recruiting, and leadership training for women. Some organizations grant additional points to women in the hiring process, but most business places did not take any specific measures to hire more women.

## 2) Evaluation, promotion, and HR management

- The status of HR committees and female examiners
  - In the absence of related HR regulations, some business places appointed a female member regardless of her rank in the HR committee typically filled only by those holding senior positions, and the decision was made at the instruction of the organization's head.

- The operational status of the female promotion targeting program and the intention to introduce such a program.
  - Although only a handful of organizations have introduced the female promotion targeting program, there are organizations that have put the program in place to raise awareness of the management in accordance with the government's requirement for providing more materials concerning female managers.
- Evaluation of employees returning from childcare leave
  - Both men and women are qualified for childcare leave of three years, among which only one year is accepted as continuous service and not the remaining two years. Moreover, employees returning from childcare leave were given an average score in employee evaluations or the returning employee's average score of two years preceding the childcare leave.
- Employees working under the program of allowing employees to reduce their working hours for childcare are evaluated in the same way as their peers.
- Measures for improving the percentage of female managers.
  - One FGI participant mentioned that in cases where an organization is asked to receive public officials dispatched from the local government, achieving the target ratio of female managers is structurally difficult because female managers cannot be dispatched due to the job description of public officials in administrative positions. There was the case of having added female managers by lowering the rank at the direction of the organization's head. There was also the case of increasing the

number of candidates for promotion to include more women on the candidate list.

### 3) Supporting the work-family balance

- In 2019, many employees regardless of gender took advantage of the childcare leave program and the program of reducing working hours for childcare.
- Guaranteed period of childcare leave and disadvantageous employee evaluation
  - Some organizations granted three years of childcare leave for men and women alike, whereas others uniformly granted one year or allow three years for women and one year for men. There are regulations stipulating that employees who have taken childcare leave must not be disadvantaged in employee evaluations, but the effectiveness of these regulations is questionable.
- Handling the workload of employees on childcare leave or working shorter hours for childcare.
  - In many cases, these employees shared their workload rotationally with colleagues, and there was also the case of such an employee having to work on non-working days because his/her temporary substitute was not hired.
- Introduction of a program allowing employees with a child aged five or younger to work two hours less daily.
  - Most organizations have introduced the program without a wage reduction, and there was an organization allowing the employees

to take two hours off after making a same-day application.

#### 4) Affirmative Action

##### ○ AA's effect on female employment

- FGI participants said that while AA's effect on female employment is not significant, it does contribute to improving the internal HR policy by enabling regular surveys and evaluations for better situational awareness. One participant offered the opinion that MOEF's public institution evaluation and the Ministry of the Interior and Safety's evaluation of local public enterprises influences female employment more than AA.

##### ○ Compliance with the AA baseline set as the 70% of industry average

- There was an opinion that the 70% baseline should be lowered by considering the business structure of organizations. One participant recommended setting the baseline by considering the industry type and characteristics because some industries find it difficult to raise the female employment rate due to the lack of female specialists and applicants.

##### ○ Comments on the disclosure of wage information.

- Most participants were positive towards disclosing wage information related to AA. Many said this is not a major concern as the average wages of male and female employees of public institutions are already disclosed on the ALIO (All Public Information In-One) system. Many organizations suggested that detailed information such as rank, age, and experience should also be given to prevent the misunderstanding that there is a gender pay gap.

- Recommendations for the government in enforcing AA.
  - Participants pointed out the need for providing sample materials that can guide them in preparing materials on their organization's AA status and for providing a form that considers the organizations' characteristics. The need for providing AA training for organization heads was also mentioned.

## VI. Policy suggestions

- **Making public the materials provided by business places required to implement AA.**
  - Disclosure of ranks and manager status of male and female employees.
  - Disclosure of the wage status of male and female employees.
- **Requiring business places subject to AA to submit more information.**
  - Recruitment information of male and female employees.
  - Information about male and female employees distinguished by employment type.
- **Enforcing AA in a wider range of business places**
  - Introducing AA in organizations funded or sponsored by local governments.
  - Expanding the scope of AA to private companies with 300 or more employees.

○ **Improving the female employment compliance rate**

- Adjusting the scope of peer groups.
- Applying varying baselines for the female employment rate and the percentage of female managers by considering company size and industry type.
- Adding the sector category (public/private) in setting the standard for comparing the female employment compliance rate of 70%.
- Defining the overall female employment target rate (percentage of female managers) and varying the target attainment date by industry.

○ **Supporting efforts to raise the awareness of CEOs of AA**

- Hosting AA forums for CEOs of companies required to implement AA.
- Mandatory AA training for heads of public institutions required to implement AA.

○ **Assisting companies with the vitalization and effective enforcement of AA and building infrastructure**

- Supporting efforts to raise the percentage of female executives in public institutions and local government-invested public corporations in male-dominated industries.
- Teaching and sharing the knowhow of business places that have successfully fulfilled the female employment rate under AA.
- Installing teams dedicated to supporting

