

Abstract

A Study on the Impact of the COVID19 Economic Crisis on the Female Labor Market, with Policy Suggestions

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The global healthcare crisis (i.e., the COVID19 pandemic) that emerged in 2020 soon gave rise to an economic crisis. In this study, we looked at how this economic crisis affected the female labor market in Korea and provided the relevant policy suggestions. The COVID19 economic crisis, during which strict social distancing rules were imposed, particularly impacted industries based on in-person services. The employment shock was particularly pronounced in the low-skilled in-person service industries, which was characterized by disproportionately higher shares of female employment and weaker job stability. Furthermore, the sudden gap in the social care system

had a disproportionate effect on women, exacerbating the risk of exclusion from the labor market among women with young children. The younger their children, the higher this risk became.

The COVID19 economic crisis left shocks that were comparable to the major crises Korea has seen since the 1990s. In view of this, we compared the extent of the two previous crises (the Asian Financial Crisis of 1997 and the Global Financial Crisis of 2008) and policy responses thereof to the current one, and attempted to find implications to draw up policy suggestions in order to prepare for a 'post-COVID' age. Policy responses during the 1997 crisis focused mainly on unemployment, such as support for the masses of newly unemployed people. Those during the 2008 crisis focused on providing jobs for at-risk groups. In contrast, direct cash assistance was employed to help people cope with the current crisis, in addition to swift responses including support for job retention and assistance toward the costs incurred by family care leave. However, similarly to the responses during the two previous crises, policies targeting women were usually limited to measures of questionable efficacy such as the provision of short-term jobs. In particular, because the majority of the government's support policies were focused on workers covered by employment insurance (EI), at-risk women who had limited access to social insurance received scant actual assistance.

Another change brought on by the COVID19 crisis was the major changes in working arrangements due to quarantine measures to curb the spread of the pandemic. This included the increased use of flexible working arrangements, where the time and place of work were adjusted as needed. The shift to flexible work has long-term effects on work-life balance, and is an important factor in the female labor market. As such, we conducted an empirical study on how the

adoption of flexible work affected the labor market. The most notable finding was the increased use of spatial flexibility, such as WFH (working from home) and remote (contact-free) work. There was also active use of temporal flexibility, where working hours were adjusted flexibly. Access to flexible work was determined more by workplace characteristics, including features of the dual labor market, rather than gender-based discrimination. In order to further establish access to flexible working arrangements, industrial partnerships should be built around labor and management, alongside more support for improving the access of SMEs to flexible work.

In this study, we have found renewed evidence of the vulnerable nature of the female labor market in Korea, in that the COVID19 economic crisis has seriously impacted all industries based on in-person services – which tended to disproportionately employ women who were at greater risk of job or income loss. In addition, the inadequacy of the social care system concentrated the care burden onto women with children, thus revealing another structural feature of the female labor market. Policies for the female labor market in the 'post-COVID' age must be focused on addressing such structural issues. First of all, attention must be brought to gaps or blind spots within the female labor market. In particular, focused efforts and active policy intervention will be necessary regarding women working in jobs with weak job stability. Other relevant policies that must be improved and strengthened over the long run include efforts to eliminate blind spots within the social safety net and transitioning to policies in support of career retention.

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