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

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Sungmi Jung, Jongsoog Kim, Hyebin Sim, Hyeonkyeong Kim



Korean Women's Development Institute

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Korean Women's Development Institute  
225 Jinheung-ro Eunpyeong-gu  
Seoul, 03367, Republic of Korea  
[www.kwdi.re.kr](http://www.kwdi.re.kr)

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

Sungmi Jung

Jongsoog Kim

Hyebin Sim

Hyeonkyeong Kim

## I . Introduction

### 1. Motivation and Objectives of Study

- The COVID19 pandemic of early 2020 gave rise to an economic crisis that spread across the world. As Korea enacted social distancing measures in the February of 2020, the business cycle contracted sharply along with negative shocks to the labor market. Such shocks were particularly more pronounced for women. The extent of labor market shocks were typical of those attributed to major economic crises. Since the 1990s, such crises have occurred roughly every ten years: the Asian Financial Crisis of 1997, the Global Financial Crisis of 2008, and the current COVID19 Crisis of 2020. Because each crisis arose amid different circumstances, the characteristics of each crisis and the labor market situations during each episode came to affect the female labor market in distinct ways.

- In particular, the current COVID19 crisis differs from previous ones in that it has brought major changes in working arrangements – including WFH (work from home) and remote (online) meetings. Since this was the first instance where such alternative modes of working have seen such widespread adoption, there is a need to ascertain how the shift away from working long hours at workplaces to more flexible arrangements has affected business management and workers.
- In this study, we aimed to analyze how the global COVID19 crisis of 2020 impacted the female labor market in Korea, and attempted to draw up policy suggestions for the women affected. Additionally, 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. Focusing on points of departure from past crises, we directed particular attention to how changes in working arrangements affected the female labor market and conducted an empirical study on how such changes could affect work-life balance over the long run. Based on our findings, we derived some policy implications.

## 2. Methodology

- First of all, in this study we conducted an analysis of the labor market using microdata from the Economically Active Population Survey (EAPS), the August Supplement Survey of EAPS, the Latter Supplement Survey of the Regional Employment Survey, and the



Household Income & Expenditure Survey from Statistics Korea.

- Second, we conducted a field study and interviews regarding the changes to working arrangements and work-life balance following the advent of the pandemic. A total of 2,000 workers of both sexes aged under 45, who were continuously employed throughout 2019~2020, were included in the sample. Also, HR managers of various workplaces were invited for case studies (via FGI: focus group interviews).
- Third, an advisory group of experts was consulted throughout the study, who gave valuable input regarding the interpretation of analysis results and the direction of the study. Their views were reflected in the preparation of this report.

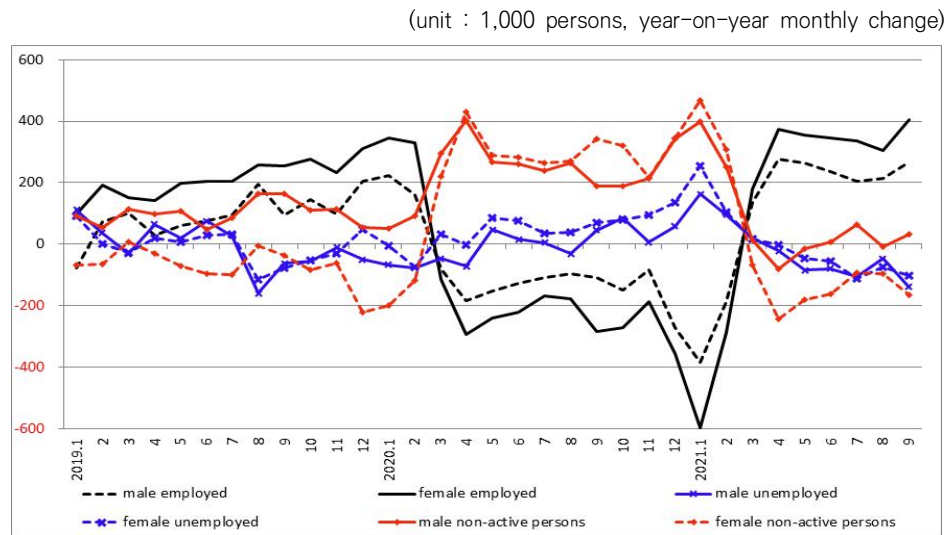
## II. The Impact of the COVID19 Crisis on the Female Labor Market

### 1. Labor Market Contraction due to the COVID19 Crisis

- Sharp downturns in the business cycle due to the pandemic were observed throughout the world, bringing substantial shocks to labor markets. Individual countries attempted to curb the contagion by imposing movement restrictions, such as suspending or locking down workplaces and restricting the movement of workers. This led to mass unemployment, with a considerable exit of wage workers and self-employed persons from the labor market. Sharp increases in the unemployment rate were observed in most economies since the onset of the COVID19 crisis. Although some recovery has been

observed recently, they have not yet reached pre-pandemic levels

- In labor markets throughout the world, the COVID19 crisis tended to affect women to a greater degree. Various recent studies (OECD (2021), ILO reports, Alon et al.(2020a), Alon et al.(2021b), Rubery and Tavora(2021)) have attributed such outcomes to the pandemic's disproportionate effect on industries based on in-person services, as well as the disproportionate burden borne by women in terms of childcare.
- Korea was no exception to such worldwide trends. Looking at the figures of employed, unemployed, and economically non-active people by sex, impacts were more pronounced among women during the period from March 2020 (when the effects of the crisis began to be felt) to March 2021. Considering the fact that women had led the growth in employment prior to the pandemic, the impact of the COVID19 crisis was truly large. The extent of employment loss was absorbed directly by unemployment and economic non-activity. Female unemployment has persistently outpaced that of males, while growth in the economically non-active population was largely similar in both sexes.
- Particularly, the current COVID19 crisis has seen a rapid increase in the instance of furloughs (both paid and unpaid). Although job losses were much larger among women than men, the share of those on furlough among the women who remained in the labor market was almost double that among men. Furthermore, there was a marked increase in part-time workers working less than 15 hours a week.



Source : Statistics Korea, EAPS microdata, calculation by author

[Figure 1] Changes in Employed, Unemployed, and Economically Non-active Persons, by Sex

## 2. The Impact of the COVID19 Crisis on the Female Labor Market

### A. Did the COVID19 Crisis Have a More Pronounced Effect on Married Women?

- Analyzing the changes in jobs and employment rates by age and sex, one quantitative feature that stands out is the marked negative shock that has affected married women in the core age (30~44) group and women in the 50+ age group. Even amid the ensuing recovery of the wider economy, married women in their late 30s were unable to return to work. However, looking at changes in the employment rate reveals that not only married but also single women were substantially negatively affected. Thus, the COVID19 crisis was found to have negatively affected the overall female labor market, ranging from those who were affected by the childcare

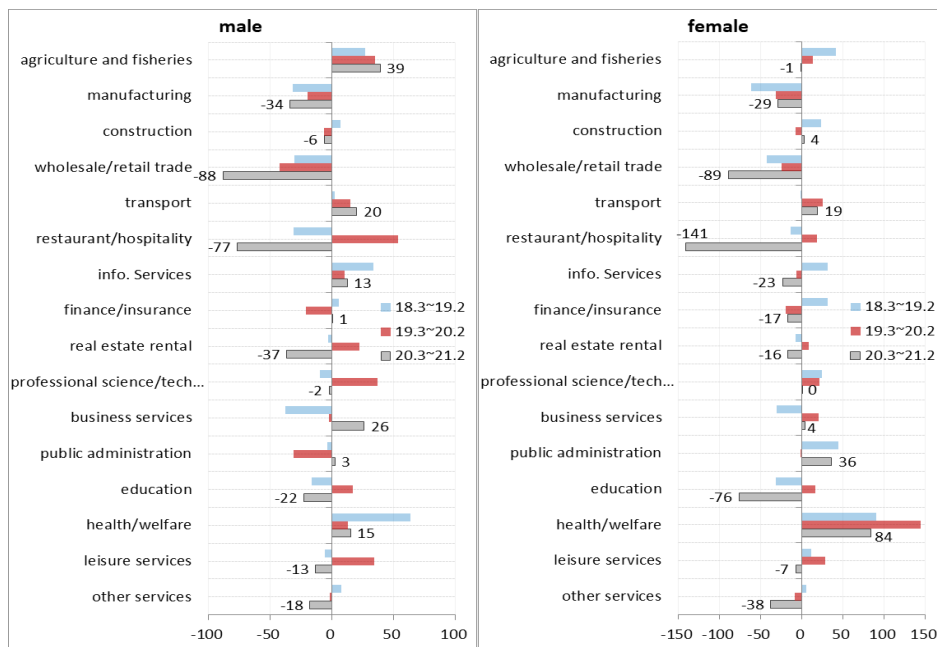
burden but also single and 50+ women.

- We analyzed how the COVID19 crisis affected the dropout probability from the labor market for women in the 30~44 age group, who were most susceptible to the burden of childcare. We found that, while in this age group the marital status of women had little effect on dropout probability, the probability was higher among married women compared to married men. Controlling for level of schooling, age, and workplace characteristics, we found that the COVID19 crisis negatively influenced both married and single women.
- Looking at how the age of the youngest child affected the dropout probability, we found that women with children under the age of 3 had a 0.009 higher probability of dropout compared to childless women. The difference in dropout probability between men and women with children under the age of 3 was 0.065 (higher among women), while the difference between women with a child or children was 0.016 higher than childless men. During the time periods affected by the COVID19 crisis, women with children under the age of 3 had the highest probability of dropping out of the labor market compared to all other groups. Looking at groups who had children aged 4~6, the dropout probability was 0.051 higher among women. While women with children had a higher dropout probability compared to childless men, the difference was not substantial (0.003). Meanwhile, women with children aged 4~6 had a lower (by 0.005) dropout probability compared to childless women, thus indicating that, among women, the presence of a child had no effect on dropout probability.

- Looking at people with children in the low elementary (ages 7~9), high elementary (ages 10~12), and secondary school (ages 13~18) age groups, women with children had a significantly higher probability of dropping out compared to men with children. However, comparing childless men and women yielded no significant results, thus indicating the contrary result seen in men and women with younger children.
  - We found that during the time periods affected by the COVID19 crisis, women with children had consistently higher probabilities of labor market dropout compared to men with children in the same age group, thus indicating that among men and women with children in the same age group, women were more at risk in times of crisis. Also, the gender gap in dropout probability widened further in the case of younger children, indicating that child age had a very disparate effect on women as compared to men. However, excluding those with children under the age of 3, it was not readily apparent that women with children were at a disadvantage in the labor market compared to men. This is a result that may arise from limitations in data, and warrants further future research that controls for industry, occupation, and workplace characteristics.
- B. What is the Extent of the Shock and Recovery in In-Person Service Industries?
- Among both women and men, job losses were focused on the in-person service industries, with the loss among women outpacing that among men. In almost every in-person service industry (wholesale and retail trade, restaurant and hospitality, education, and

other services), the employment shock was very pronounced among women. Although the health and welfare industry saw some employment growth, it grew by only half of the 2019 figures, leaving insufficient impetus to push overall job growth in women during 2020.

(unit : 1,000 persons, year-on-year change)



Source : Statistics Korea, EAPS microdata, calculation by author

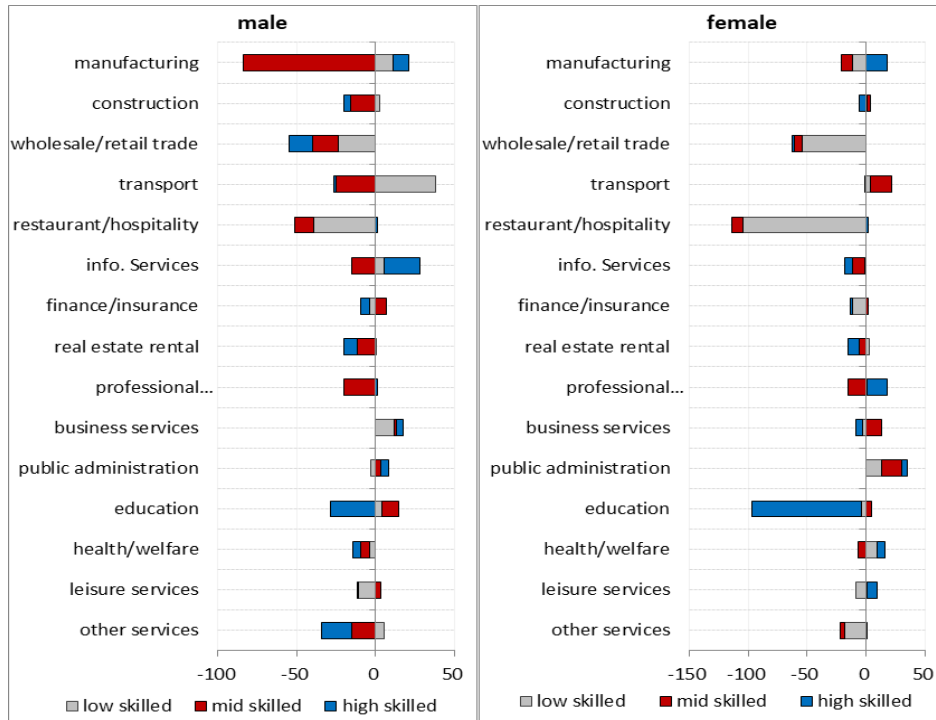
[Figure 2] Changes in Employment, by Sex and Industry

- Focusing on the core age group (25~54) and changes in their employment by skill level and industry throughout the COVID19 crisis, men saw substantial losses in mid skilled jobs as the downturn in the business cycle affected the manufacturing and transport industries. There were also sizable losses in mid skilled jobs in wholesale / retail trade, info services, professional science

/ tech services. The loss of high skilled jobs among men was driven mostly by the education industry, followed by losses in wholesale / retail trade and other services, thus indicating that, among men, the negative shock to in-person services was significant even among higher skill workers. The loss of low skilled work among men was driven mostly by the in-person services, particularly wholesale / retail trade, restaurant / hospitality, and leisure services.

- Meanwhile, among women there were very dramatic losses in the low skilled jobs in wholesale / retail trade, restaurant / hospitality, leisure services, and other services. This was also the case for low skilled women workers in finance / insurance services, an industry where changes in work practices owing to the digital transformation are rapidly taking hold. The loss of high skilled jobs among women was wholly attributable to losses in education services. The loss of mid skilled jobs was notable in certain industries, including in-person services such as wholesale / retail trade and restaurant / hospitality services, as well as professional science / tech services.
- Even amid the COVID19 employment slump, men saw gains in high skilled jobs in info. services, manufacturing, and transport industries while women saw gains in high skilled jobs in manufacturing and professional science / tech services. This may reflect women's demand for jobs in the science / tech fields, as well as jobs requiring technical proficiency.

(unit : 1,000 persons, year-on-year change)



- Note : 1) Figures indicate year-on-year change during Mar. 2020~Feb.2021  
 2) low skilled=service workers, sales workers, elementary workers  
 3) mid skilled=clerks, craft and related trades workers, plant / machine operators, assemblers  
 4) high skilled =managers, professionals and related workers  
 5) excluding skilled agricultural/forestry/fishery workers

Source : Statistics Korea, EAPS microdata, calculation by author

[Figure 3] Changes in Employment, by Industry, Sex, and Skill level for Core Age Group (25~54)

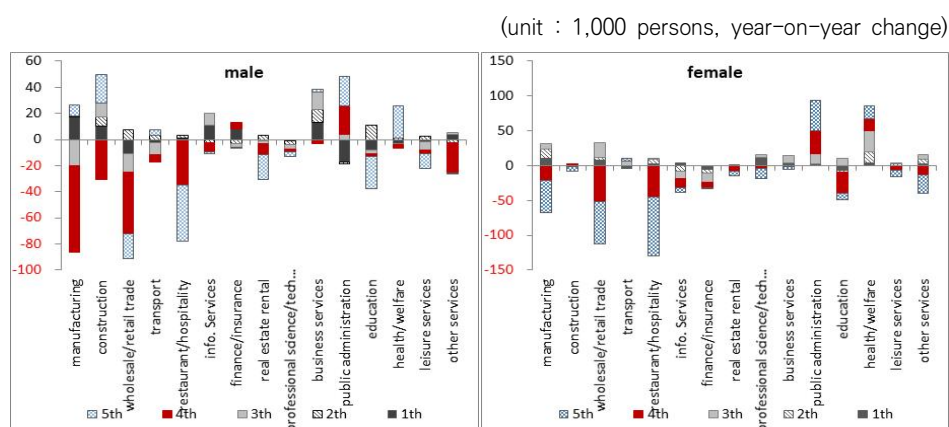
- Looking at changes in employment by sex since March 2021 (i.e., when the base year effect of the COVID19 had passed and recovery had begun) we found that the slump in in-person industries (wholesale / retail trade, restaurant / hospitality, leisure services, and other services) persisted into 2021 among both sexes. Recovery was led mainly by contact-less services. Among men, recovery was



marked in construction and transportation, followed by slower recovery in professional science / tech services, business services, and public administration. There was marked employment growth in health / welfare, in addition to steady recovery in industries presumably providing relatively decent jobs – such as info services and professional science / tech services.

### C. Did the COVID19 Crisis Exacerbate Inequalities Faced by Women?

- Upon analyzing how the COVID19 crisis affected wage quintiles by sex and industry, we found evidence of overall job loss among the lowest 4<sup>th</sup> and 5<sup>th</sup> quintiles for both sexes, in addition to job growth among the lower quintiles in public administration and health / welfare services. Job loss among women in the lower quintiles was particularly pronounced in manufacturing, followed by wholesale / retail trade, restaurant / hospitality, education, and other services. These losses coincided mostly with the losses in low skilled jobs. Thus, the findings suggest that the COVID19 crisis has been particularly harsh on hit low-wage / low-skilled women. On the other hand, even amid the crisis, women saw job gains in the higher quintiles in industries such as manufacturing, wholesale / retail trade, professional science / tech services, public administration, and health / welfare. In particular, women's gains in high-skilled, high-wage, high-quality jobs in manufacturing and professional science / tech services hold significant policy implications for the future.



Source : Statistics Korea, Latter Supplement of the Regional Employment Study (yearly microdata), calculation by author

[Figure 4] Changes in Employment, by Sex, Industry, and Wage Quintile

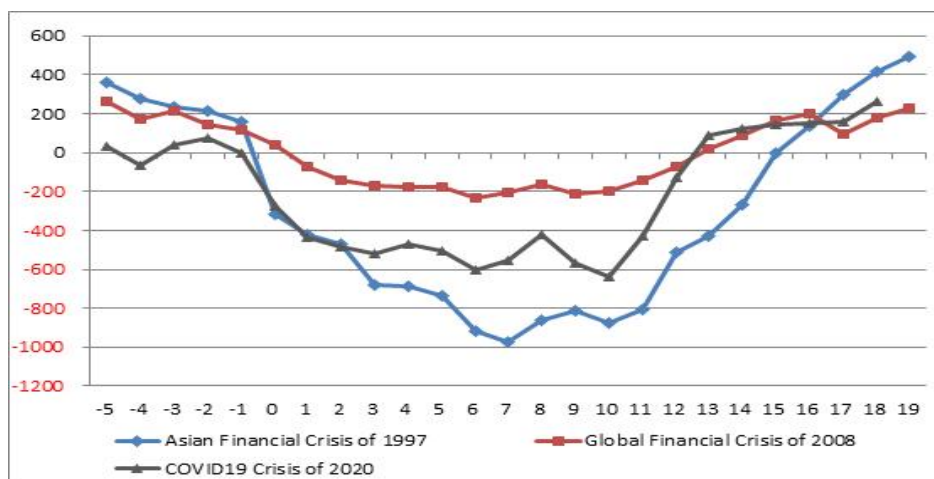
- Analyzing the gender wage gap by quantiles using an unconditional quantile regression model, we found that the gender wage gap among the lowest 10<sup>th</sup> percentile grew from 5.9% in 2019 to 6.3% in 2020, while the gaps were closed somewhat in the median and upper 90<sup>th</sup> percentiles (from 24.6% to 21.7%). We can infer that the negative shock to low skilled / low wage women's jobs in in-person industries mainly drove the gender wage gap among the lower percentiles. Meanwhile, the job gains in high skilled / high wage women's jobs in manufacturing and professional science / tech services despite the crisis appears to have contributed to the bridging of the gender wage gap in the upper percentiles.

### III. Comparative Analysis of the Female Labor Market across Different Economic Crises

#### 1. The Timing of Job Loss and Recovery, by Sex and Economic Crisis

- To compare the impact of the past and current economic crises on the labor market, for each crisis we set the base period ( $t=0$ ) to indicate the time where the negative employment shock had become apparent. Then, we calculated the job loss and recovery for the Asian Financial Crisis of 1997, the Global Financial Crisis of 2008, and the current COVID19 Crisis of 2020, including only workers in the core age groups to eliminate the effect of aging. Looking at the pace of job loss, the current crisis is nearly comparable to conditions seen during the 1997 crisis. In particular, the pace of job loss during the first three months of the onset of the crisis matched that of the 1997 crisis, where sustained losses of at least 600,000 workers were recorded and recovery did not set in until 13 months had elapsed.

(unit : 1,000, year-on-year monthly changes)



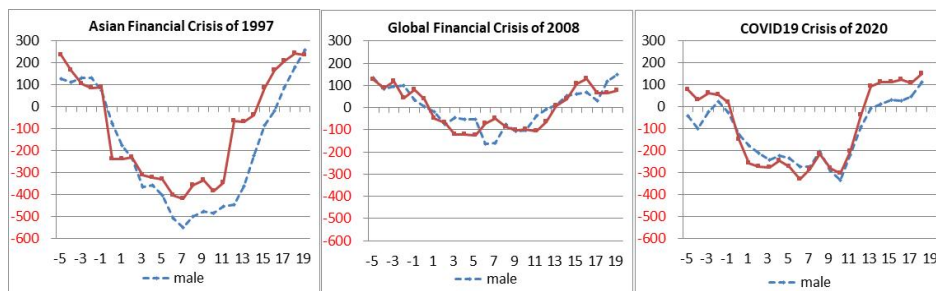
Note: The base periods for each crisis are as follows: (Jan. 1998 for the Asian Financial Crisis, Jan. 2009 for the Global Financial Crisis, and Mar. 2020 for the COVID19 Crisis)

Source : Statistics Korea, EAPS yearly microdata

[Figure 5] Changes in Employment Among the Core Age Group (25~54), after Onset of Each Crisis

- Looking at the employment impact of each crisis by sex, we found that during the 1997 Crisis, job losses in both sexes took place similarly immediately following the start of the employment slump, while job loss was faster among women immediately following the onset of crisis. No marked difference between genders was observed in the case of the 2008 crisis. Meanwhile, in the case of the COVID19 crisis, women outpaced men in early job loss while recovering faster after 13 months had elapsed (such that the base year effect had passed).

(unit : 1,000, year-on-year monthly change)



Note: The base periods for each crisis are as follows: (Jan. 1998 for the Asian Financial Crisis, Jan. 2009 for the Global Financial Crisis, and Mar. 2020 for the COVID19 Crisis)

Source : Statistics Korea, EAPS yearly microdata

[Figure 6] Changes in Employment Among the Core Age Group (25~54), by Sex, after Onset of Each Crisis

## 2. How the Different Economic Crises Impacted the Female Labor Market

- Comparing the current COVID19 crisis to the two previous crises (the Asian Financial Crisis of 1997 and Global Financial Crisis of 2008), we found that while the overall quantitative impact on the labor market was similar, the current crisis affected women

disproportionately due to its outsized impact on in-person services. Furthermore, unlike in previous crises where negative shocks to the labor market led to mass unemployment or economic inactivity, such effects were dampened in the current crisis through measures for retaining job stability such as the use of shorter work hours or furloughs, particularly in the case of jobs worked by women.

- Nevertheless, compared to past crises, the negative effects were felt even more acutely among female at-risk groups, particularly temporary / daily workers, solitary self-employed persons, and low skilled / low wage workers. Also, recovery in women's jobs in the in-person services has been more sluggish compared to previous crises. Unlike during the 1997 crisis, where negative shocks battered the overall labor market, the current crisis disproportionately affected (in both extent and duration) those groups who were already at risk. In this regard, the current crisis exhibits similarities to the 2008 crisis.

### 3. How the Different Economic Crises Impacted the Poor

- Looking at the changes in employment by industry throughout the three crises, we can see that even while most industries experience job loss, jobs in public services increase greatly for everyone, both above and below the poverty line. While the efficacy of direct job creation programs remains a matter of debate, it appears straightforward that public sector jobs and new direct job creation programs can inject some stability to counteract and provide buffers against negative employment shocks.

- However, looking at households below the poverty line, they suffered losses in terms of both employment rate and income following the 1st COVID19 spread (2020QII) as well as the 2nd spread (2020QIV), with the former downturn being much more pronounced compared to households above the poverty line. Thus, low-income households suffered even worse income loss due to the COVID19 crisis. The slump in economic activity seen in 2020QII was particularly damaging for women, who saw a 7.5%p worse fall in employment rate and a 320,000 KRW worse decrease in monthly income. However, both variables have nearly recovered to pre-crisis (2019) levels eventually. Looking at the economic activity of individuals not in poverty during the period 2020QII ~ 2020QIV, women saw a 0.5~3.2%p decrease and men saw a 1.7~2.8%p decrease in employment rate, while labor income remained largely unchanged.
- In summary, the negative shocks observed during 2020QII demonstrate that the labor market stands ill-prepared to provide an sufficient buffer against economic crises. This finding underlines the importance of swift labor market policy action in the event of a crisis, as wells that of social policy responses targeting groups who are at risk in the labor market.

#### IV. Changes to Working Arrangements and Work-Life Balance After COVID19

##### 1. Current Usage Status of Flexible Working Arrangements

- As of 2015, only 6.4% of wage workers had used flexible working arrangements. This has grown to 10.8% by 2019, and grew substantially again to 14.2% in 2020. This change appears to be largely attributable to the growing feasibility of WFH (working from home) and remote (online) work. Looking at flexible work take-up rates by gender in 2020, more men (15.9%) made use of flexible work compared to women (12.0%), and other factors such as age or marital status appeared to play no part. It appeared that workplace characteristics, rather than gender, influenced the rate of take-up. Interpreting these findings, we suggest that the availability of flexible work is determined not due to gender discrimination but rather by workplace characteristics, such as the presence of dual labor markets.

## 2. Changes in Working Arrangements and Work-Life Balance

- With regards to flexible working arrangements, we conducted surveys on workers and group interviews with HR managers. We found that, even prior to the pandemic, flexible working arrangements had been in use due to the 52 ceiling on weekly work hours, and have since intensified with the advent of the pandemic. Thus, we can see that the use of flexible working arrangements was determined not only by the pandemic but in connection to government statutes on work hours, which have influenced workplaces in general.
- While the use of flex-time, shorter work hours, and alternative work schedules were in place both before and after the pandemic, the circumstances of the pandemic (i.e., the need for isolation to stop

contagion) appears to explain the strong preference for WFH and remote work. However, the fact remains that such arrangements are unavailable in many workplaces, thus constraining the further spread of flexible work in the future.

- The COVID19 pandemic spurred the transition from in-person meetings to contact-free modes of work including Zoom meetings and e-mails, and has coincided with an emphasis on precision and conciseness (via information systems) in delivering work instructions.
- While the use of flexible work did not appear to have a substantial effect on worker satisfaction, HR managers perceived that workers were more satisfied when they were able to use flexible working arrangements. Meanwhile, with regards to how flexible work affected work performance, both workers and HR managers tended to have a favorable view. In all, therefore, perceptions were generally favorable regarding flexible work arrangements.
- We also found that the take-up of flexible working arrangements was closely linked to workplace size and the duties performed by workers. In smaller workplaces where flexible work was not widely available to most workers, concerns regarding work connectivity and fairness were raised. For instance, even with the manufacturing sector, take-up was strongly influenced by workplace size and the nature of the duties performed by workers, with concerns regarding organizational fairness limiting the spread of flexible work availability.



- Furthermore, take-up of flexible work was found to be closely linked to whether there were systems or general circumstances in place to support the use of flexible work, as well as industry characteristics. Over the course of introducing and managing such shifts, HR managers were faced with diverse demands from their workers, thus adding to the burden and difficulty of their work. Furthermore, there still appeared to be some variation across workplaces in terms of how the perceptions held by managers had adapted to changed circumstances.
- The findings of our workers survey were in line with the aforementioned findings from the EAPS Supplement survey, showing no substantial gaps in take-up of flexible work depending on gender or the presence of children. Meanwhile, HR managers said that women workers with children to care after tended to have higher take-up, with similar comments regarding pregnant workers who worked shorter hours. Survey results indicated that the use of flexible work had some alleviative effect regarding the burden of childcare. At the same time, users of flexible work reported improvements regarding gender equality in household roles as well as life in general. Thus, by introducing flexibility to modes of work, flexible working arrangements were found to alleviate burdens and difficulties in balancing work and family life.

## V. Policy Suggestions for the Female Labor Market in the 'Post-COVID' Age

- The current COVID19 economic crisis severely impacted industries

based on in-person services, with a disproportionate effect on women who were already at higher risk of suffering job / income loss. Thus, this crisis once again demonstrated the vulnerability of the female labor market in Korea. One structural feature of note is the disproportionate impact on women with young children, due to an inadequate social care system. Thus, policy suggestions for the future female labor market in the ‘post-COVID’ age must aim to address such structural issues.

- Meanwhile, the current crisis has brought about sociocultural changes that might not have taken place as quickly otherwise, such as the rapid adoption of flexible working arrangements. Based on such implications, we have focused on a) the labor market policy aspect and b) the changes to work-life balance aspect in considering policy suggestions for the labor market in a ‘post-COVID’ future.

## 1. Labor Market Policy

### 1) Support for Low-Income Groups + Eliminating Blind Spots in Social Insurance

- The current COVID19 crisis had a very severe impact on low-income women, who were predominantly employed in in-person service industries. Given that such jobs tend to be largely low-wage jobs, and that the loss of said jobs would prevent access to employment insurance (EI) coverage, negative impacts in these sectors would have exacerbated effects due to the inability to file for unemployment benefits and/or other policy support measures. In particular, because a substantial portion of workers employed in smaller workplaces find themselves outside of EI coverage, and

roughly half of all women workers are concentrated in workplaces with less than 10 employees, they are often unable to benefit from actual policy support measures.

- One of the foremost efforts to alleviate the blind spots in social insurance availability among low-wage workers is the social insurances subsidy program (a.k.a. Duru-Nuri Program). However, because it is only eligible for new enrollees with no prior EI or National Pension claims during the 1 year immediately preceding applications in 2021, the program halts support for those who had previously been enrolled in other social insurance programs. In effect, this substantially adds to the burden of paying into insurance programs on the part of low-wage workers in smaller workplaces, thus strongly incentivizing them to avoid take-up. Future efforts to address the social insurance blind spots for working women must retain the previous arrangements in accordance with the goals of the program, in the case of low-wage workers in workplaces of 10 or less employees.
- A more fundamental path to addressing the social insurance blind spots for at-risk groups would be the stable introduction of an EI program that covers all citizens. The current COVID19 crisis plainly exposed the ongoing blind spots of EI coverage, such as with the sizable number of workers in special employment arrangements. Concrete policy measures must be introduced that can boost the job stability of at-risk groups (including women in precarious jobs) during times of crisis. Furthermore, with regards to the employment support program (jobseeker's allowance) introduced in 2021, policy delivery mechanisms must be strengthened so that the program can

function as a secondary layer of the employment security. Thus, a denser social safety net must be implemented in order to provide adequate employment security for women and other at-risk groups who have little access to current social insurance programs.

## 2) Providing Support for Vocational Training Targeting Low-Skilled / At-Risk Groups

- The worst-hit demographic during the current COVID19 crisis were the middle-elderly women working in low skill / low wage jobs in in-person services. Aiding their recovery to pre-pandemic levels appears to be the most pressing policy task at hand. At the time of writing, the employment situation in the in-person service industries has yet to see recovery. While this may partly be due to the fact that social distancing measures are still in place, the transition to a contact-less economy also appears to have played a part.
- In view of this, policy responses must focus on providing livelihood assistance to women in low skilled sales / services who have lost their jobs due to the temporary negative shock, while also concentrating efforts for vocational training / employment support for these women to find new work. A renewed approach will be necessary with regards to pathways to re-employment through re-education for low skilled / at-risk groups. Policy delivery mechanisms, including re-employment assistance centers (a.k.a. Saeil, or 'Work Again', Centers) and the 'Middle-Aged Job Hope Centers', must be geared toward facilitating the process of [counseling for jobseekers > career counseling / searching >

vocational training in desired field > linkage to job openings], with the added function of providing continuous career management via support for the acquisition of new / different jobs.

### 3) Strengthening Technical Skills in Science / Technology Fields to Bridge Gaps

- Even amid the current COVID19 crisis, women saw an upward trend in high skill / high wage jobs in the science / tech services and manufacturing. This development provides significant implications for the future utilization of the female workforce, in that it suggests a long-term shift from low skilled jobs to mid / high skilled ones in the female labor market. Because the ongoing Digital Transformation and the subsequent industrial changes / digitization / automation will bring substantial quantitative / qualitative changes to the female labor market (which had previously been centered on elementary services), policy design must follow a long-term perspective in consideration of the development of women's skills in the future.
- Jung, S.M. (2020) has found evidence of growing demand for women holding bachelor or higher degrees in STEM fields associated with high skilled / technical skills (in science / tech fields), and showed that the growth of female jobs in high skilled / technical skills jobs played a central role in bridging the gender wage gap. Therefore, labor policies in the future must take into account the demand for high skill / high wage jobs requiring proficiency in technical skills, while at the same time designing policies conducive to labor supply side measures such as vocational

training to build relevant skills and providing employment support in relevant fields.

#### 4) The Need for a Proactive Stance on Job Retention and Career Development

- As the childcare burden peaks during the ages of 30~44, women in this age group may find themselves driven away from the labor market. This leads to career interruption and to loss of human capital over the long run. Not only is this detrimental at both the individual and national levels, it becomes a driving factor that widens gaps throughout the entire labor market. Therefore, individually tailored support measures will be needed in order to prevent the career interruption of women. Also, institutional measures must be established to provide public care services to meet emergency care demand while also allowing for universal access to parental care leave. Furthermore, the public care system must be strengthened in order to prevent unforeseen large-scale gaps in the provision of care (as caused by the current COVID19 crisis), and additional policy support measures must be put in place to prepare for emergency care demand in the future.
- In all, a comprehensive support system must be provided in order to prevent career interruption among women who have entered the labor market. Such a system must be linked up with public care services at the local level to adequately respond to emergency care demand, and must also encompass a multi-layered support system throughout a woman's lifecycle (e.g. legal / institutional support and counseling).

## 5) The Need for Decisive Support Measures for At-Risk Groups during Times of Crisis

- The government response to the current COVID19 crisis consisted mostly of income compensation through emergency crisis subsidies, creation of new jobs through fiscal spending, strengthening the job retention of incumbent workers, and support for the livelihood and re-employment of those who had lost their jobs. Of these, measures reliant on the EI framework (i.e., retention of incumbent workers, support for the unemployed) revealed significant policy blind spots in dealing with at-risk groups such as women.
- Kim W.J. et al. (2020) looked at the spending, by gender, on job retention subsidies in general industries (other than the 8 targeted for special employment support) from March 16<sup>th</sup> ~ late September of 2020. The study found that women only accounted for 38.6% of all spending on job retention. This can be attributed to several factors: a) smaller-scale workplaces, which tend to employ more women, received little in job retention subsidies, b) women tended to be employed under temporary, casual, or part-time contracts, thus making them ineligible for EI coverage, and c) women who are indirectly employed (e.g. subcontractors, dispatch workers, etc.) were likely excluded from job retention subsidies.
- These findings point to the need to strengthen support for those industries that have seen persistent job / income losses due to societal disaster. In other words, the policy response in the face of crisis situations such as the current one must become more proactive and decisive. Furthermore, with regards to industries affected by mandatory closures or limitation of work hours due to the crisis

(thus leading to persistent lower income), support measures must be concentrated on such industries.

## 2. Institutionally Establishing the Adoption of Flexible Working Arrangements as Much as Possible

### 1) Building Cooperative Labor / Management Partnership Systems

- One of the few upsides of the current COVID19 crisis was the rapid adoption of various forms of flexible work including WFH (working from home). The widespread institutional memory of employing WFH and other types of flexible work may lead to shifts in corporate culture in such a way that stimulates work practices that enable better work-life balance. Meanwhile, looking at the actual extent of take-up of flexible work arrangements, we found that access to flexible work depended less on gender discrimination and more on workplace characteristics, including the presence of dual labor markets. In view of this finding, policies for improving the take-up of flexible work must approach workplaces on an individual-by-individual basis.
- That said, because significant differences exist across workplaces with regards to industry, size, workforce composition, production methods, and means of boosting productivity, enhancements to work practices (including flexible work) will take more than just government efforts. Thus, labor and management must cooperate to figure out which arrangements work for their particular workplace. Manager associations and labor unions should engage in concrete agenda-driven conversations to experiment with the practices suited for each industry. Meanwhile, the government should explore ways



of supporting the self-help efforts led by labor / management partners.

## 2) Strengthening Support for More Take-up of Flexible Work in SMEs

- Ensuring that individual workplaces can actually participate in flexible work arrangements (including WFH) requires extensive shifts in HR practices, including changes in work tasks (and days), shift rotations, evaluation / compensation systems, and other previously in-place practices. As such efforts will involve changes to previously restrictive HR practices and call for the restructuring of job architecture as well as standardizing / quantifying work performance measures, the government must provide a system of support and counseling at the individual workplace level. Above all, these efforts will be indispensable for providing SMEs with the necessary means to partake in flexible work arrangements.
- To these ends, active efforts must be made to raise awareness about relevant policies in support of flexible work (e.g., subsidy program for indirect labor expenses arising from flexible work, support for the infrastructure needed for WFH / remote work, consulting on workplace innovation) and work-life balance subsidies, in addition to introducing a more relaxed set of criteria tailored to SMEs.
- Government policy efforts to spread the adoption of flexible work will bring actual positive changes to the often rigid arrangements of full-time workers in particular, allowing for new working arrangements and more flexibility in working hours. In the case of workplaces that employ more women, such changes will function

as a fundamental countermeasure against career interruption, and ultimately contribute to bridging the gender gaps that exist in the labor market.

Research Topic Category: labor, employment

Key words: economic crisis, female labor market, inequality, poverty, flexible work arrangements, work-life balance

