

# CARE WORK AND THE ECONOMY

Advancing policy solutions with gender-aware macroeconomic models

POLICY BRIEF | 21 – 05

## Policy Recommendations for a High Road to Care in Korea

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Care is considered exclusively a woman's role within the family in South Korea. With rapid changes to family and population structure due to industrialization, care policies appeared around 2000 to address the deficiency and supply-demand misalignment of care. Meanwhile, the COVID-19 outbreak in early 2020 provided an opportunity to rethink the current status of care in our society, and it drew attention to the crisis of care. COVID-19 has been prevalent for over a year, and it is not possible nor desirable for a society to go back to where it was before. Simply recovering pre-pandemic indexes such as GDP and employment rate cannot be an ultimate goal. We should move forward to a better society by facing the problems which were apparent under the crisis and by replenishing the deficiency. The most appropriate agenda for this goal is "greater investment for care provision."

### 1. Definitions of Care and Care Policy

A Korean dictionary defines 'care' as "to serve or look for elders, children, or patients" with this example sentence, "take care of patients or family". 'Care work' includes all such care activities. Care work was typically done by women within a family. However, Korean society faced a crisis of care with rapid changes in population and family structures such as family nuclearization, aging, and increased numbers of one-person household. Care policies start to act as social policies around 2000. Care policy is a process to respond to the lack of care, to recognize the value, and to redistribute the roles of care from women to men and from family to a society. This definition of care will be expanded to embrace rewards for and representation of care workers to achieve 'a high road to care.' On the other hand, ILO (2018) defines transformative care policies as policies which guarantee the human rights, agency, and well-being of caregivers, both paid and unpaid, as well as those of care receivers, by avoiding potential trade-offs and bridging opposing interests.

Care policies cover: 1. children allowance, family allowance, childcare credit from the national pension, cash/payment in kind such as tax deductions or refunds, 2. care services for children, elders, handicapped, and patients, 3. family-friendly ways of work such as parental leaves, family leaves, and flexible working arrangements, 4. provision of care related infrastructures such as water, energy, hygiene, travel convenience, energy-efficient appliances (ILO,2018). Therefore, care policy is not only closely related to economic and labor policies (related health and education policies), and social welfare and immigration policies, but it also achieves goals such as poverty reduction, social integration, gender equality in the labor market, quality job creation, and expansion of human capacities for future generations.

### 2. Current Status of Care Provision in Korea

As described in the previous section, care provisions embody wide ranges and many categories depending on the care recipients. This report focuses on childcare, eldercare, and family-friendly work arrangements.

Childcare has been extended and regarded as a national responsibility since 2000 in Korea. From the old form that targets low-income children only, the childcare policy was reformed to universal care for every child in 2004, to free childcare for all children of 0~2 years and 5 years in 2012, and to free childcare for all children of 0~5 years in 2013. Only 12.3% of young children received a care service in 1997, however, more

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than 50% of children received it in 2016, and in 2017, every young child received national childcare supports either through facility-based care or childcare allowances. Based on 2017 data, 53.6% of young children of 0~2 years and 94.6% of 3 to 5-year-old children are enrolled in facility-based care in Korea. This is above the OECD averages (35.0% and 87.2% respectively). However, only 17.0% of the children who receive facility-based care are enrolled in public care facilities which have relatively higher quality, and the waiting to get into these public facilities is long. Although the number of childcare teachers is increased five times from 47,030 in the end of 2001 to 239,973 in 2019 (Ministry of Welfare and Health, Childcare Statistics), the social recognition for this occupation still remains low; childcare workplaces are known for job instability, low pay, and long hours of work.

Eldercare was limited to facility care for vulnerable groups, but it started to expand through domiciliary visiting services for low-income elders and seniors who live alone since the 1990's. The National Long-Term Care (LTC) Insurance, which is universal service, came into effect in 2008, and it surged the de-familialization of eldercare. The recipients of eldercare have increased to 772,206 (9.6% of ageing population, 65 years or older) in 2019 from 145,000 (2.9%) in 2008. Questions about the quality of the LTC service have been raised as the majority of the facilities are privately owned. Only 1.0% of the total LTC facilities are public, 15.7% are corporate bodies, and 83% are individuals. There were 444,525 care workers in the end of 2019 (NHIS, Long Term Care Insurance Statistical Yearbook of 2019). However, they face employment instability and low pay.

There are increasing numbers of male and female workers who suffer from burdens of care. Therefore, reducing work hours and implementing flexible working arrangements are important care policies. A new policy was legislated and came into force in order to break the long-lasting practice of long hours of work. However, the effect is only slowly taking place due to the work habits from industrialization and various business characteristics. As a 52-hour workweek policy will be applied to all businesses with 5 workers and more starting this July, it is expected to contribute to reducing workhours.

Flexible work policy is to grant flexibilities to working hours and places. Currently, there is no legislation that enforces flexible work arrangements, but the implementation is at the discretion of each corporation. In 2018, the largest number of companies (17.2%) implemented staggered commuting system, 13.4% chose flexible working hour which is a policy for some full-time workers to choose to work part-time in need of childcare or family care, and 8.7% implemented flexible work schedule which gives flexibility of choosing work schedules given total hours of work. Working from home and remote work were chosen by 4.5% and 3.5% of corporations respectively (Ministry of Employment and Labor, Establishment Survey on the Work-Life Balance in 2018). However, this survey does not reflect the changes from COVID-19.

By law, all companies need to allow workers to take parental leaves and family nursing leaves at times when they have increased care burdens. In particular, parental leave policies have been improved. Both mothers and fathers can take one-year paid leave for each child under 8 years. The number of workers on parental leave was increased from 41,736 in 2010 to 112,040 in 2020, and the number of fathers who take parental leave is continuously increasing to 24.5% in 2020 (Employment Insurance Statistics). However, it is still not a universal system as considerable numbers of workers such as temporary workers and the self-employed are excluded from this policy.

### 3. High Road to Care Work

Himmelweit & Land (2011) assert that rising costs of care service provision are inevitable. Total costs will not be reduced unless lower quality or less care is provided, or care workers are paid less. However, the public

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does not value low quality care, reinforcing family care which will increase the opportunity cost of care, discourage labor market participation, and lower pays which will result in severe shortage of supply in care work sector which already has recruitment and retention issues. Rather, as expanded care provisions will reinforce productivity in various industries, adequate levels of investment in care are necessary.

ILO (2018) report shows that there is a positive relationship (0.67) between expenditures in care service provision and employment rates of mothers. Care expenditures are the sum of: 1. childcare and education for preschool children, 2. long-term care service, 3. maternity/disability/injury/disease allowances. Care expenditure takes up 8% of GDP in Denmark and Sweden, and the employment rates for women with children is over 70% in the two countries. On the other hand, countries like South Africa, Mexico, Turkey, India, and Indonesia spend less than 1% of GDP for care provision and their female employment rate is very low. This implies that women experience difficulties in entering and staying in the paid labor market. Care expenditure in Korea is about 2% of GDP, which is 9th lowest among the 41 countries studied, and the female employment rate (55%) is in mid-low group.

How much expansions of expenditure in care provision are required? Based on their macroeconomic simulation study, ILO (2018) presents a high road scenario which has greater gender equality and good quality care employments that benefit both recipients of care and paid/unpaid caregivers. The required levels of expenditure in the high road scenario mean nearly doubling current levels as a proportion of GDP.

The key message is 'good quality care work'. In addition to 'recognizing' the value, 'reducing' individual burdens, and 'redistributing' the roles of care, 'rewards' for and 'representation' of care workers will be needed for expansion of good quality care work. This 5R Framework will reduce inequalities related to care, resolve barriers of labor market entry for female workers, improve work conditions for all care workers, and further make virtuous circle ring to improve qualities of care.

## References

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