Rejuvenating Korea: Policies for a Changing Society

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Rejuvenating Korea: Policies for a Changing Society

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BETTER POLICIES FOR BETTER LIVES

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Foreword

Families are changing rapidly in OECD countries. Only a few decades ago, most families in most OECD countries followed the traditional married-couple male-breadwinner model. Many couples married in their twenties and settled down to have children soon after. Birth rates were high by today's standards (if already falling), and separation and divorce were relatively uncommon. Paid work within the family was dominated by the male partner; many women left work on marriage or parenthood, and often did not return to the labour market until after their children had left education, if at all.

Families look very different today. Partnering behaviours have changed substantially, with young people increasingly choosing to postpone marriage and parenthood until they are established in the labour market. Today, on average across the OECD, adults do not marry for the first time until they are into their thirties. More frequent divorces and separations have driven a sharp increase in the diversity of family living arrangements. Many more children are now living in single-parent families, with unmarried cohabiting parents, or in "re-constituted" families. In the labour market, for most couples in most OECD countries, dual earning has become the norm.

The changing nature of families and family life means that family policy must change, too. The OECD has long emphasised the need for governments to modernise their family policy packages; the *Babies and Bosses* series, released in the early- to mid-2000s, set the tone for almost two decades of research exploring and highlighting international good practice in modern family policy. The common message throughout this work is that family policy can only succeed if it provides co-ordinated, joined-up assistance to all families in all their forms. This means offering families a continuum of support from birth through until adulthood, helping parents meet their work and family goals and protecting all families from poverty and disadvantage, whatever their circumstances.

This report, *Rejuvenating Korea*, builds on the OECD's body of data- and policy work on families and children. It takes a close look at families and family policy in Korea, at a time when both are undergoing wholesale change. It reviews the many recent developments in Korean family policy and asks where Korean policy should go next to promote family and child outcomes. It pays particular attention to what Korea can do to boost its low and falling fertility rates.

This report was prepared in the OECD Directorate for Employment, Labour and Social Affairs (ELS), under the supervision of Willem Adema and the senior leadership of Stefano Scarpetta (Director of ELS), Mark Pearson (Deputy Director of ELS) and Monika Queisser (Head of Social Policy).

The report was written by Willem Adema, Chris Clarke, Eunkyung Shin and Olivier Thévenon, with valuable contributions from Shannon Gedo and Jiwan Lee. The report benefited from comments and feedback by Christophe André, Randall Jones, Veerle Miranda, the Korean authorities and Delegates to the OECD Employment, Labour and Social Affairs Committee. Natalie Corry prepared the report for publication. Lucy Hulett, Liv Gudmundson, Linda Moran, Fatima Perez and Alastair Wood provided valuable further logistical, publication and communications support.

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Executive summary

Korea is a changing society. Over the past 60 years, strong economic development has made Korea the ninth largest economy in the world. Korea's men and women are among the most highly educated in the world. Gains in opportunities outside of marriage – in the labour market and in wider society – together with the increasing costs of raising children mean that the traditional marriage package – the male breadwinner notion – has lost its appeal to many young women, especially those with high levels of educational attainment. Nevertheless, childbirth remains strongly associated with marriage. Thus, the barriers young people face in finding a partner while establishing themselves in the labour market contribute to declining fertility. Indeed, total fertility rates have dropped from six children per woman on average in 1960 to just below one child per woman in 2018. At the same time, greater wealth and better access to health supports have contributed to rapid gains in life expectancy: Korea faces the fastest rate of population ageing across the OECD.

The benefits of economic growth have not been shared evenly in Korea: income inequalities are wider than across the OECD on average and about one in six Koreans live in poverty, among which are many elderly. These income inequalities are related to the limited redistributive power of the Korean tax/benefit system and the profound divide in Korea's labour market between "regular workers" – who benefit from job stability, seniority-based earnings progression and access to social protection coverage – and "non-regular workers" with fixed terms contracts, limited earnings growth and restricted access to social protection.

The prevailing long working hours culture in Korea makes it difficult to reconcile work and family life, contributing to female employment rates below the OECD average. Labour market dualism makes it difficult for women to return to regular employment after a period out of the labour force. Since working women are under-represented in regular jobs, Korea has one of the highest gender pay and employment gaps among OECD countries. Labour market dualism also inspires sharp competition for the number of available regular jobs for labour market entrants. As young people find it difficult to build stable careers, they hesitate to start a family.

Competition for good school and university places that lead to secure and well-paid careers starts early in Korea. Even before primary school age, many parents invest in supplementary private education to position their children as well as possible for entrance into Korea's most prestigious schools and universities. Korean parents and their children engage in an educational struggle to get ahead that involves daily participation in schools, after-school programmes, private tutoring schools or Hakwon, as well as homework – children often spend more than 10 hours per day on such activities. The high private education costs are often regarded as a barrier to having (more) children.

The widespread increase in educational attainment and wealth has also contributed to changes in attitudes and expectations. More people now wish to pursue both labour market and family aspirations, and expect a quality of housing that is well above that of previous generations. In many ways, Korean policy has responded to these changes. For example, with a tenfold increase in public investment since 2000 to one percent of GDP nowadays, Korea has developed a comprehensive system of public and private formal day care and kindergarten. Enrolment rates in 2015/16 were on par with the Nordic countries. Korea is

also rolling out a community-based care service network that will provide childcare services using school and community facilities, and link and expand current out-of-school-hours services.

Korea also has a comprehensive system of paid child-related leave, with paid maternity leave for 90 days and one year of paid parental leave for both mothers and fathers. However, the paid parental leave system is only used by about 25% of mothers and 5% of fathers, as until recent reform, many workers had no access to paid leave, and many workplace cultures are still not conducive to mothers and fathers taking leave.

Indeed, change in labour market institutions has been slow. Reducing labour market dualism is key to helping young people and parents enter and thrive in the labour market. Relevant policy measures include: easing employment protection legislation; strengthening vocational education and widening the coverage of apprenticeships; increasing the recruitment of replacement workers and paid leave payment rates to stimulate use of paid child-related leave; monitoring the effectiveness of legislation aimed at capping weekly working hours to 52 hours per week; and introducing pay transparency measures to help reduce gender pay gaps. Strengthening in-work benefits, housing supports (e.g. through low-interest loans) and financial support (e.g. through the child allowance) for families up to the age where children leave compulsory education would boost the real incomes of young people and families and help provide a more solid basis for starting and supporting a family.

Making child education less costly for households but also less stressful and time consuming is key to improving child and family well-being. To that end, it is important to address the fundamental drivers of demand for expensive private education: e.g. through improving the quality of public education and strengthening vocational education.

Finally, it is important that the different family policy measures of cash, fiscal and in-kind service supports fit together in a seamless system of continuous support throughout childhood. Once people gain confidence that having children is compatible with work commitments and with family budgets, then they will actually have children. Employers, unions, and wider society all have their role to play in forging a healthy work and family environment. Public support is indispensable, but it can only be effective if it is trusted. To that end, it is crucial that family policy is supported across the political spectrum in order to guarantee its stability and continuity.

1 Rejuvenating Korea: Policies for a Changing Society

This chapter provides an overview of the main findings from the review. It briefly illustrates changes in Korean society, in Korean households, in marriage, and in fertility. It discusses the role of various factors such as the fierce competition to get ahead in education, and at a later stage, to get access to the best jobs, the strong division in the labour market between regular workers with job security and low-paid, non-regular workers, and issues around affordable housing.

The chapter concludes with a discussion of the dynamic Korean policy response, which includes the rapid development of an extensive Early Childhood Education and Care system that is widely used and a parental leave system that is not. The chapter ends with a summary of policy recommendations that may contribute to a rejuvenation of Korean society.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

1.1. Korea: A changing society

Since it emerged from the ravages of war in 1953, Korea has gone through remarkable economic development, and it has become the ninth largest economy in the world (OECD, 2019[1]). Over the same period, Korean parents have invested heavily in their children's life chances and the Korean population has become one of the most highly educated in the world (OECD, 2016[2]). Simultaneously, improved wealth and access to health care have contributed to rapid gains in life expectancy, which at just over 82 years, is now 2 years above the OECD average (OECD, 2019[3]). However, total fertility rates have dropped from six children per woman on average in 1960 to just below one child per woman in 2018. The persistently low fertility rate is transforming society, contributing to the fastest population ageing in the OECD, which in turn will leave a range of socio-economic policy challenges.

Korea's output growth under the traditional model of export-led manufacturing growth driven by large business groups (Chaebols) is slowing down towards the OECD average. At USD 40 000 per annum per capita, income is close to but below the OECD average of USD 44 000 (OECD, 2019[1]). The benefits of economic growth have not been shared evenly in Korea, and income inequalities are wider than in the OECD on average (a Gini coefficient of 0.35 against 0.31). At 17.4%, poverty rates are well above the OECD average (11.5%), with more than 4 out of 10 elderly people living in poverty (*OECD Income Distribution Database*).

These income inequalities are related to the limited redistributive power of the Korean tax/benefit system (*OECD Income Distribution Database*) and the profound divide in Korea's labour market between "regular workers" who benefit from job stability, seniority-based earnings progression and access to social protection coverage, and non-regular workers with fixed-term contracts, limited earnings growth and restricted access to social protection. In turn, labour market dualism is related to the product market dichotomy between the Chaebols and the large number of small medium sizes enterprises (SMEs). The dominance of the Chaebols across a wide range of economic sectors, stifles the growth of smaller firms and polarises the country economically and socially (OECD, 2019[4]). Korea has a large share of workers employed by small businesses providing low-productivity services, and a high share of self-employed workers (OECD, 2018[5]). Productivity in smaller manufacturing firms is now less than one-third of the productivity of large firms, resulting in a wide wage dispersion between workers in SMEs and Chaebols (OECD, 2018[6]).

The prevailing long working hours culture in Korea makes it difficult to reconcile work and family life, and this contributes to female employment rates being below the OECD average. Labour market dualism makes it difficult for women to return to regular employment after a period outside the labour force. Since women are under-represented in regular jobs, Korea has some of the highest gender pay and employment gaps in the OECD (*OECD Gender Data Portal*). Labour market dualism also inspires sharp competition for the number of available regular jobs for labour market entrants. As young people find it difficult to establish themselves in stable careers, they postpone starting a family.

Competition for good school and university places that provide access to secure and well-paid careers starts early in Korea. Even before primary school, many parents invest in supplementary, private education to position their children as well as possible for entrance into Korea's most prestigious schools and universities. In fact, Korean parents and their children enter an educational struggle to get ahead that involves daily participation in schools, after-school programmes, and private tutoring schools or Hakwon, as well as homework. Children spend a considerable amount of time in school and/or studying: on average around 5 hours per day in school and about 5 hours per day studying outside school hours for children in primary school. Thus, Korean parents face education costs that are well above the OECD average, and these are often regarded as a barrier to having (more) children.

The widespread increase in educational attainment and wealth has contributed to changes in attitudes and expectations. More people now wish to pursue both labour market and family aspirations, and expect a

quality of housing that is well above that of previous generations. In many ways, Korean policy has responded to these changes, e.g. by rapidly developing an extensive childcare system, while in other areas, such as the coverage and use of parental leave, the response has been less effective. The challenge is now to extend the scope of policy response in areas where it has been limited and to sustain policy reform in the areas where achievements have been considerable.[1]

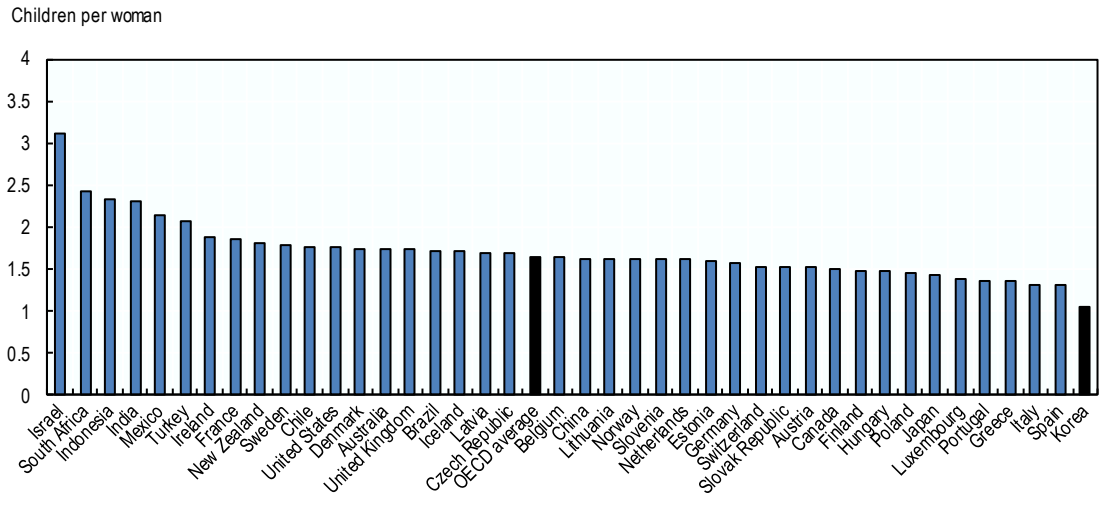
1.2. The changing face of Korean society

Population ageing, generated by persistently low birth rates and increased life expectancy, is changing the face of Korean society. Korea's total fertility rate (TFR) fell below two children per woman in the mid-1980s, and since the start of the millennium has declined further, from around 1.5 children per woman in 2000 to 1.1 children per woman in 2017 (Figure 1.1). Preliminary numbers for 2018 suggest Korea's TFR has fallen below one child per woman for the first time. This would be the lowest total fertility rate in the OECD by some margin.

The decline in the TFR is related to many young Koreans postponing parenthood, and the mean age of women at first childbirth increased from 25 to almost 33 years of age over the 1985-2018 period. Postponement contributes to having fewer children, and in some cases to not having any children at all. The vast majority of Korean mothers have one or two children. In 2017, just over half of the children born were the first born child, over one-third were the second born child, and less than 10% of births were a third child or higher. Childlessness is also on the rise: where 5% of the women born in 1950 remained childless, this percentage has increased to 12% for women born in 1970 (Chapter 5).

Figure 1.1. Total fertility rates in Korea are the lowest in the OECD

Total fertility rate, OECD and key partner countries, 2017



Note: The total fertility rate is defined as the average number of children born per woman over a lifetime given current age-specific fertility rates and assuming no female mortality during reproductive years.
Source: OECD Family Database, http://www.oecd.org/els/family/database.htm

At the same time as fertility rates dropped, improved wealth and access to health services contributed to rapid gains in life expectancy which, at just over 82 years, is now 2 years above the OECD average (OECD, 2019[3]). In 2015, Korea was still a relatively young country by OECD standards with 5.6 people of working age for each senior citizen, compared to 4.3 across the OECD on average. However, this

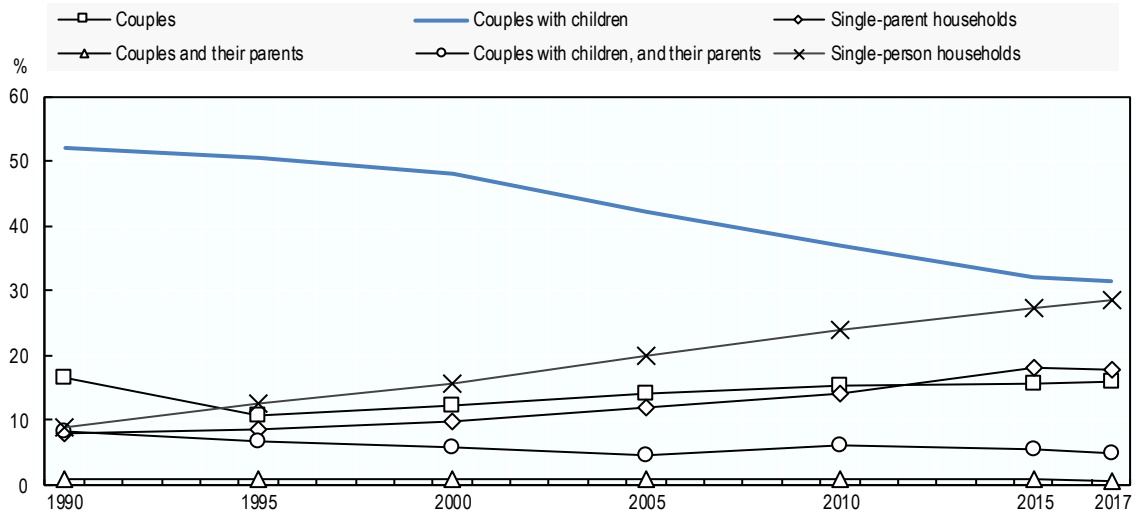
old-age-support ratio is expected to decline to 1.5 in 2055, which is below the projected OECD average of 2.1 and the second lowest in the OECD (OECD, 2019[3]). The demographic transition in Korea is projected to take place at an exceptionally rapid pace.

Korea's declining and low birth rates and ongoing population ageing contribute to a changing face of society and family life. In 1995, couples with children constituted about 50% of all Korean households, while single-parent families, couple-without-children households, and multigenerational households[2] all accounted for about 10% of the households each (Figure 1.2). Since then, the proportion of single-person households (of both working-age and senior citizens) has almost tripled, while the proportion of single-parent households doubled and the proportion of couples with children fell to 30%. These trends are also related to an increase in divorce rates (from 1.5 in 1995 to 2.1 divorces per 1000 persons in 2018) and, in particular, a sharp decline in marriage rates: from 9.4 marriages per 1000 people in 1995 to 5.9 in 2018 (OECD Family Database, Indicator SF3.1).

In Korea, men and women get married around the same age as across the OECD on average: around 32 for men and 30 for women (OECD Family Database, Indicator SF3.1). However, in other OECD countries, many parents now have children prior to marriage. In Korea, by contrast, the delay in and abstention from marriage has strong implications for birth rates. Many attitudes in Korean society may have shifted over the past decades (Chapter 2), but childbirth outside marriage is still very uncommon: less than 2% of the childbirths were to non-married mothers in 2016, while this was just over 40% across the OECD on average (OECD Family Database, Indicator SF 2.4). Childbirth and marriage remain strongly associated in Korea.

Figure 1.2. In contrast to couples with children, single-person households are increasingly common in Korea

Distribution of households by household type, Korea, 1995-2017



Source: Statistics Korea 2019, Population census (annual data), http://kosis.kr/statisticsList/statisticsListIndex.do?menuId=M_01_01&vwcd=MT_ZTITLE&parmTabId=M_01_01#SelectStatsBoxDiv.

1.2.1. Changing attitudes across the generations

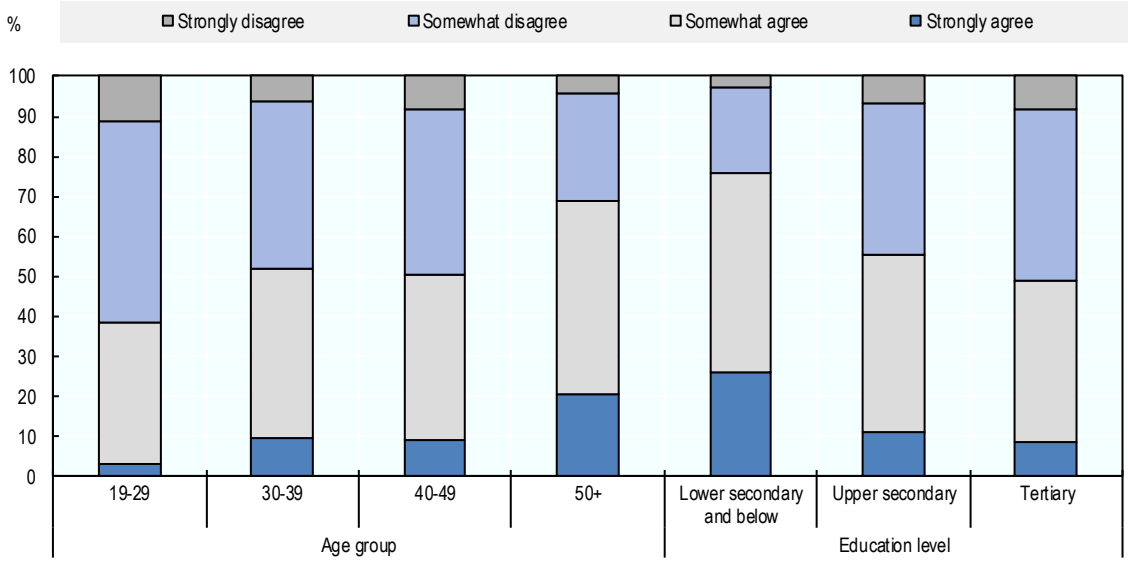
The traditional Confucian notion of family life involved a patriarchal family system in China, Japan as well as Korea. The patriarchal and hierarchical organisation of family life put women at a severe social and economic disadvantage relative to men (e.g. in terms of son preference and inheritance rights), involved strong kinship bonds, and embedded a deeply entrenched gender division of labour at home (Park, Cho and Han Park, 2013[7]). In the traditional model, the "marriage package" encapsulated various intra-familial roles for women, childbearing, childrearing and taking care of the elderly – with elderly parents often living with their eldest son (Chapter 5).

The importance of the traditional multigenerational family declined rapidly with the economic transformation after the Korean War – from around 30% of households in 1955 to about 10% in 1990 – as children left rural areas to set up their own families in urban centres (Park, Cho and Han Park, 2013[7]). These families were mainly of the "husband-dominated" type where male breadwinners were the norm, and with strong links to the elderly generations, whether co-resident or not. However, the notion of care obligations for elderly relatives is weakening. In 2002, 70% of Koreans felt that the family should take full responsibility for the care of their elderly relatives; by 2018, this had fallen to just over 25%. Over the same period, the share of Koreans who said that families, the government and society hold joint responsibility for elderly care increased from 20 to almost 50% (Statistics Korea, Annual Social Survey, various issues).

The strength of feeling towards the idea of marriage as a necessary life experience varies with age and educational attainment. Data from the Korean Longitudinal Survey of Women and Families suggest that in particular, women who left school after compulsory education (primary and lower secondary) see marriage as a "must do." This is also the case for women who are aged 50 and over, but this sentiment is shared by less than 40% of women in their twenties (Figure 1.3Figure 1.3).

Figure 1.3. Young and highly educated Koreans are least likely to consider marriage a "must-do"

Distribution of responses to the statement "marriage is a must-do for everyone", by age group and education level, women, Korea, 2016



Source: Korean Longitudinal Survey of Women and Families (2016).

Young men and women value their life without family commitments, which contributes to the postponement of marriage, but there is also a group of young Koreans – the “Sampo” generation (literally “giving up on three”) – who seem to have given up on dating, marriage and children altogether (Chapter 2). One set of estimates from 2012 suggests that this concerns as many as 40% of 20-year-olds. Gains in opportunities outside of marriage – in the labour market and in wider society – together with the increasing costs of raising children mean that the traditional marriage package has lost its appeal for many young women, especially those with high levels of educational attainment. Korean parents (mothers) need to devote a lot of time to the education of their children, bringing them to private lessons, supervising their homework etc. to help children succeed later in life. This is not easily combined with a full-time career, involving long hours and/or participation in after-work socialising. Thus, there is high pressure on women to leave the labour market once they have children, not only to provide personal care, but also to guide children through the education system.

The rapid and widespread rise in young women’s levels of educational attainment has reinforced preferences for marrying partners of similar educational and/or socio-economic status. However, long working hours and segregated work places make it difficult for young men and women to meet potential partners (Raymo et al., 2015[8]). Another important reason for giving up on marriage lies in young people’s precarious employment conditions, low pay, job insecurity, limited access to social protection, and high housing costs in urban areas such as Seoul.

Attitudes towards gender roles within marital relationships have evolved towards equality, especially among younger Koreans (Chapter 2). Since the 1990s, the number of dual-earner couples has increased, and young people who do get married increasingly consider this a co-operative partnership with both spouses on equal footing (Chapter 2). However, these avowed preferences are often not put into practice. For example, in 2014 over 40% of men agreed that housework should be equally divided among spouses. In reality, however, Korean women spend almost 2.5 hours per day more on unpaid housework than men do (OECD Gender Data Portal). Similarly in 2012, 32% of the Koreans thought that parental leave should be equally shared between mothers and fathers, and only in France, Germany and the Nordic countries is the proportion 40% of above (OECD, 2017[9]). However, the proportion of fathers who take parental leave remains low (see below), as they feel constrained by workplace cultures and fear the economic impact and the long-term career and economic costs of taking leave.

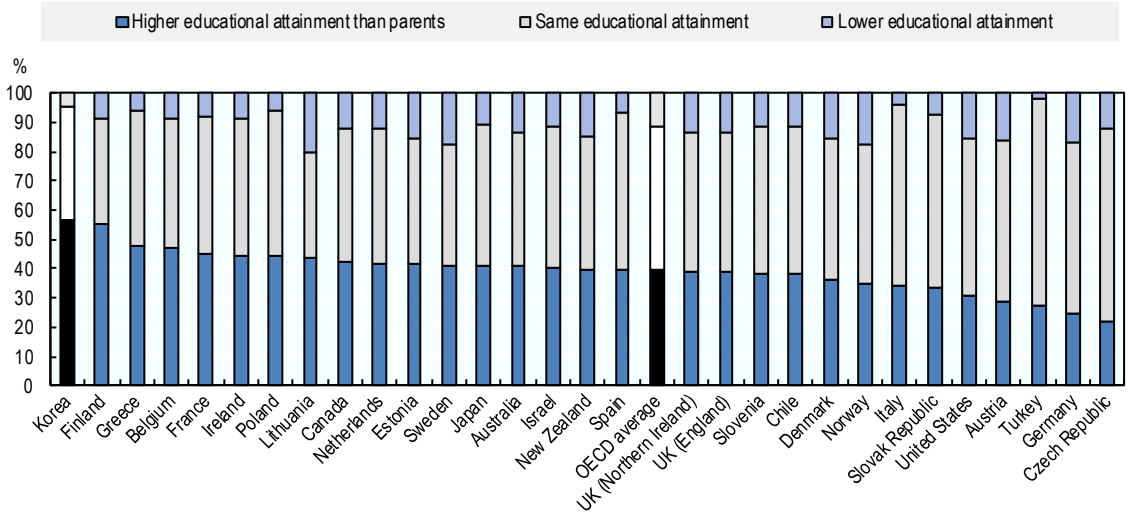
1.2.2. The importance of education

The sustained increase in educational attainment among the Korean population stands out as one of the most remarkable changes (Chapter 2). Almost all men and women aged 25-34 have obtained at least upper secondary education in Korea, which is 7.5 percentage points above those in the 45-54 age group and 13.5 percentage points above the OECD average (OECD, 2018[10]).

In fact, Korea has the highest degree of educational mobility across the OECD (Figure 1.4). As elsewhere, many children with highly educated parents also achieve tertiary educational attainment, but in Korea, 25% of children with low-educated parents also achieved tertiary educational attainment, almost double the OECD average (OECD, 2018[11]). As of 2012, 57% of Koreans aged 26 or over had a higher level of educational attainment than their parents (Figure 1.4). Education is of major importance to Koreans: it is widely regarded as the key to individual progress. Many parents therefore invest in supplementary private education for their children to position their children as well as possible for entrance into the most prestigious universities, which in turn give access to secure and well-paid careers. Korean parents and their children enter a fierce education struggle to get ahead from a very early age that involves daily participation in schools, after-school programmes, and private cramming schools or Hakwons.

Figure 1.4. Upward educational mobility is more common in Korea than in any other OECD country

Percentage of adults (26 years or older) who report lower, the same or higher educational attainment than/as their parents, OECD countries, latest available year



Note: Latest available year refers to 2015 for Chile, Greece, Israel, New Zealand, Slovenia and Turkey and 2012 for remaining countries. Data for Belgium refer to Flanders and for the United Kingdom to England and Northern Ireland.
Source: OECD (2018[12]), *Equity in Education: Breaking Down Barriers to Social Mobility*, PISA, OECD Publishing, Paris, https://doi.org/10.1787/9789264073234-en.

Korean children spend a considerable amount of time in school or studying. The regular school day may not be long in Korea (about 5 to 7 hours per day for primary and lower secondary school students, increasing with age), but 82.5% of primary school students and 69.6% of lower secondary school students participate in private education after their regular school day. Primary school students spend about 5 hours per day on private education and associated homework. Korean teenagers spend more time studying than teenagers in other OECD countries, and study hours can last until 11-12 p.m. at night, even though local governments set limits on Hakwon opening hours, e.g. in Seoul at 10 p.m. (Chapter 4). Korea often performs particularly well on measures of children's well-being in education and at school in terms of bullying or belonging at school. However, Korean teenagers have little time to engage in part-time jobs, physical exercise, talking to parents and even in "internet time," they fall behind the OECD average. Korean children are time-poor (*OECD Child Well-being Portal*).

The fierce competition during the school years also means that parents – and mothers in particular – face social pressure to ensure that children do well at school. Korean children face relatively high levels of "helicopter parenting" as parents wish to exercise control to ensure their children meet their high educational expectations. The high expectations increase the risk of young adults experiencing symptoms of depression and reduce college students' perception of control over their own life (Chapter 4).

Furthermore, the competitive education environment and the development of the private education market have major financial implications for Korean families. Since 1982, the proportion of monthly household consumption spending on private education (including tertiary education) increased from 1% to 7% (Chapter 4). Hence, it is no surprise that about one-third of Korean couples refer to education costs as one reason for not having additional children (Chapter 5).

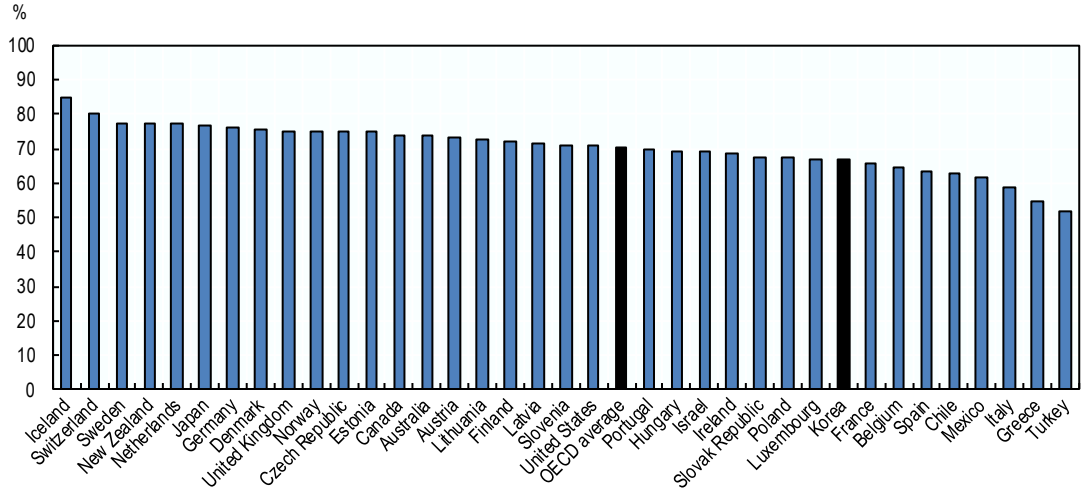
1.2.3. Employment conditions

Overall, in 2018 employment rates in Korea (67%) were just below the OECD average (69%), as male employment rates are at the OECD average and female employment rates are below it (OECD Employment Database). At the same time, working hours are the second longest across the OECD, which contributes to the overall low labour productivity (Chapter 3). Furthermore, at 85%, Korea has the highest employment share in Small and Medium-sized Enterprises (SMEs, defined as firms with up to 250 workers) and, at 25%, the self-employment rate in Korea is the fourth highest in the OECD.

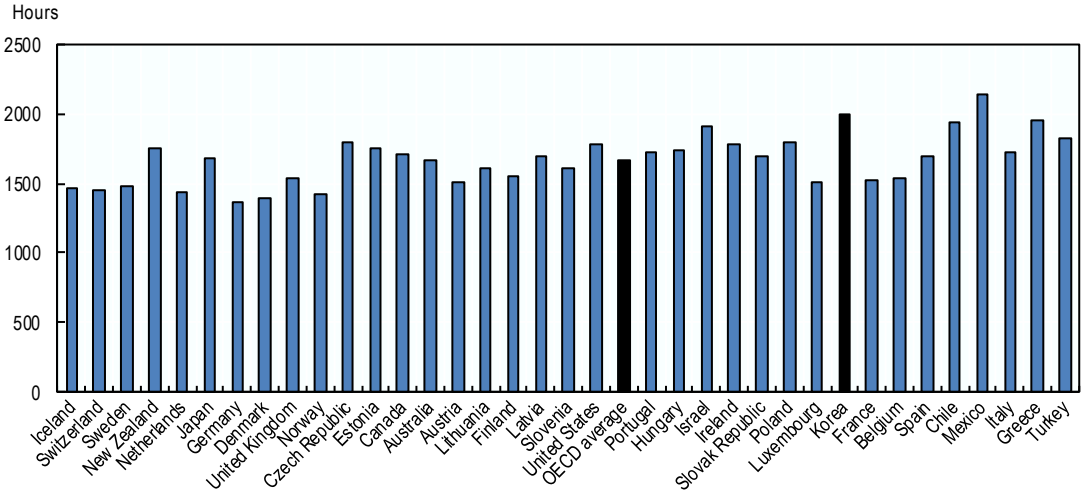
Overall, two-thirds of employees are in regular employment, and one-third are non-regular employees, including those who work part-time and/or on a contract of fixed duration. Furthermore, almost 30% of Korean employees do not have access to social protection benefits, as informality is pervasive in the Korean labour market (OECD, 2019[13]). The prevalence of non-regular employment conditions and employment in SMEs and self-employment contribute to Korea having the second highest share of low-wage workers in the OECD: 20% of full-time workers earn less than two-thirds of median earnings (OECD, 2018[6]). The prevalence of low pay and self-employment, limited cash and fiscal support for families (see below), and the increase in the number of single-parent households, all contribute to the relatively high child poverty rate (Figure 1.6). As many elderly Koreans have to get by with very low incomes, the poverty rate for the overall population is even higher.

Figure 1.5. Korea's employment rate is just below the OECD average, but Koreans work long hours

Panel A: Employment rates, 15- to 64-year-olds, OECD countries, 2018



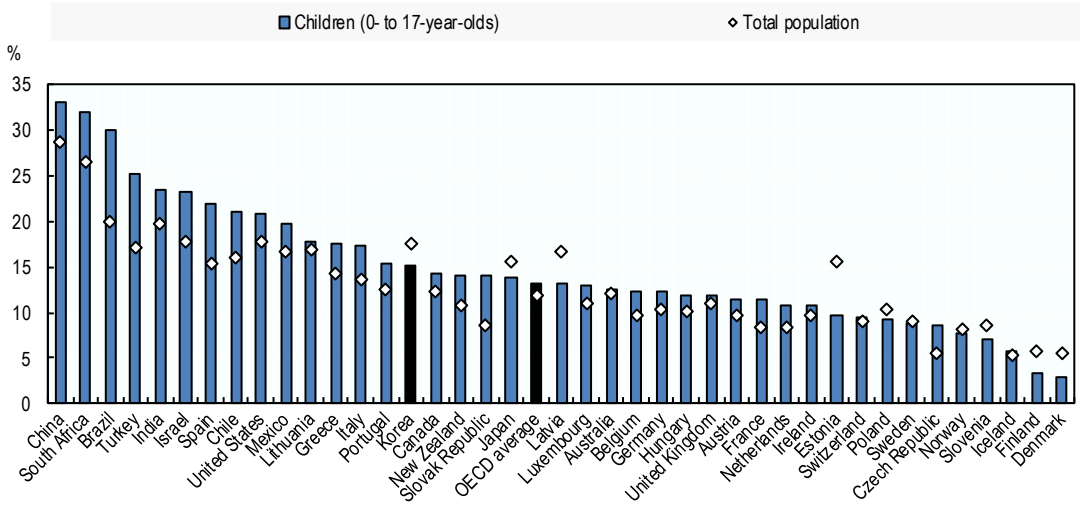
Panel B: Average annual hours actually worked per worker, total employment, all ages, OECD



Note: Panel B: Data for Turkey refer to 2015.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

Figure 1.6. Child poverty is above the OECD average

Relative income poverty rate, for the total population and for children (0- to 17-year-olds), 2016 or latest



Note: Data are based on equivalised household disposable income, i.e. income after taxes and transfers adjusted for household size. The poverty threshold is set at 50% of median disposable income in each country. Data for China and India refer to 2011, for Brazil to 2013, for Hungary and New Zealand to 2014, and for Chile, Denmark, Iceland, Ireland, Japan, Switzerland, Turkey and South Africa to 2015.
Source: OECD Income Distribution Database, https://www.oecd.org/social/income-distribution-database.htm.

Despite the widespread and rapid increase in educational attainment, the labour market position of many young people remains precarious. At 43% in 2018, the youth (15- to 29-year-old) employment rate was well below the OECD average (54%) and, in 2017, the share of youth who were neither employed nor engaged in formal education or training (NEETs) was considerably higher than the OECD average: 18.4% and 13.4% respectively (OECD, 2019[4]). The NEET rate is particularly high among college or university graduates, in contrast with many OECD countries, where low-educated youth are much more likely to be NEET.

Despite increases in female employment – by 7 percentage points since 2000 to 57% in 2018 – the Korea gender employment gap (19 percentage points) is well above the OECD average (11 percentage points). The gender pay gap for full-time employees in Korea is the highest in the OECD, at 35% compared to an OECD average of 14% (*OECD Gender Data Portal*). The large pay gap is related to the relative wide earnings distribution and the fact that women are over-represented among relatively low-paid, non-regular employees – more than 30% of female employees work on a non-regular employment contract (Chapter 3).

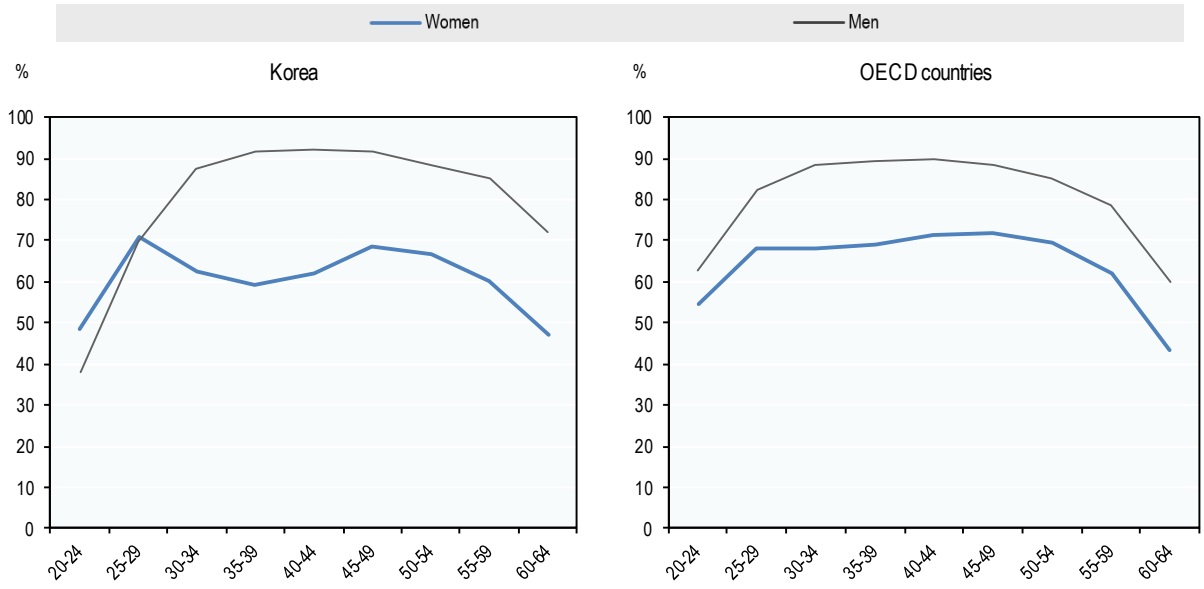
The employment barriers that youth and women face contribute to curtailing earnings mobility and in particular occupational mobility (OECD, 2018[11]). Labour market dualism in Korea restricts labour market mobility, and children frequently end up in similar jobs to their parents. For example, 40% of children of manual workers become manual workers themselves (OECD, 2018[11]). Labour market dualism thus holds back social mobility: despite strong educational mobility, it takes five generations for a child of a low-income family to reach the average income in Korea, compared to 4.5 generations across the OECD on average (OECD, 2018[11]).

The long working hours culture (Figure 1.5, Panel B), often in conjunction with long commutes, especially around Seoul, and mixed with the “socialising with colleagues” culture after working hours, complicates the challenge to reconcile work and family commitments for working parents. Having children and a career is difficult to combine; many women – rather than men – feel they have to choose between the two.

Highly-educated women in particular postpone having children in view of the large opportunity cost. The increase in childlessness suggests there is an increasing number of women, who do not think that work and family life are compatible. Across the OECD on average, the choice between work and children is less stark. Because of the widespread use of maternity and parental leaves by mothers, female employment rates across the OECD on average no longer fall during the childbearing years (Figure 1.7). By contrast, female employment patterns in Korea continue to reflect the "M-curve" patterns that involves a marked drop in employment during the childbearing years. Traditionally, women in Korea were expected to withdraw from employment when children were born, if not upon marriage. Some workplace cultures may still expect women to withdraw from the labour force upon childbirth, but the use of paid leave benefits by new mothers is increasing (Chapter 3). However, the M-curve pattern remains, also because many women in non-regular employment do not have access to maternity and parental leave benefits (Chapter 3).

Figure 1.7. Motherhood has a strong effect on women's employment in Korea

Employment rates by sex and five-year age group, Korea and average across OECD countries, 2018



Notes: "OECD countries" refers to the weighted average across all OECD member countries.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

Furthermore, women who have taken a few years out of the labour force to care for young children, find the conditions for their return to the labour market unattractive (Chapter 3). In general, regular employment opportunities are hard to find for the "mother returners" who are often offered only lowly paid non-regular jobs. Bearing in mind that young women nowadays have achieved a higher level of educational attainment this is a rather wasteful use of investment in human capital. Moreover, in view of rapid population ageing, and the projected decline in labour supply, it seems imperative for Korean policy to extend opportunities to reconcile work and care commitments for all (prospective) parents. Indeed, OECD projections suggest that expected declines in the size of the Korean labour force over the next couple of decades could be more than offset by boosting women's labour force participation and fully closing the gender participation gap by the year 2040 (Chapter 2 and (OECD, 2018[14])). OECD (2019[15]) discusses the question of whether labour migration policy is effective in meeting current and future labour market needs in detail. The influence on fertility trends

Labour market duality generates a high level of competition across young people to get into the best universities, which at a later stage leads to access to stable jobs and good career opportunities. However, a large part of the working age population experiences job insecurity, low wages and limited access to social protection. Based on data from the "Korean Labor & Income Panel Study", Chapter 5 shows that working women are more likely to become mothers (and more likely to become mothers quickly) when they hold a regular contract, while women in non-regular employment with limited job security are less likely to move into motherhood. However, once women in non-regular employment have a child, they are more likely to have a second child than regular workers, probably because their labour market opportunity costs are relatively low. In addition, public sector employees with high job security are significantly more likely to have a first and a second child than those working in the private sector (Chapter 5).

Job insecurity and earnings issues also feed into challenges around finding adequate housing at affordable prices, especially in Seoul. Chapter 5 shows that homeowners and Jeonse tenants (tenants who rent by paying a lump sum of often 50% or more of the market value of the dwelling[3]) are more likely to have children than those who pay a monthly rent – a housing status that is associated with a lack of financial resources. More generally, household spending on housing, education and to a lesser extent health exert a negative effect on intentions to have (more) children. Data from the 2017 Survey on Residential Conditions (Chapter 5) suggest that the most important factors when considering having children were housing (31.2%) and care and education expenses (30.6%).

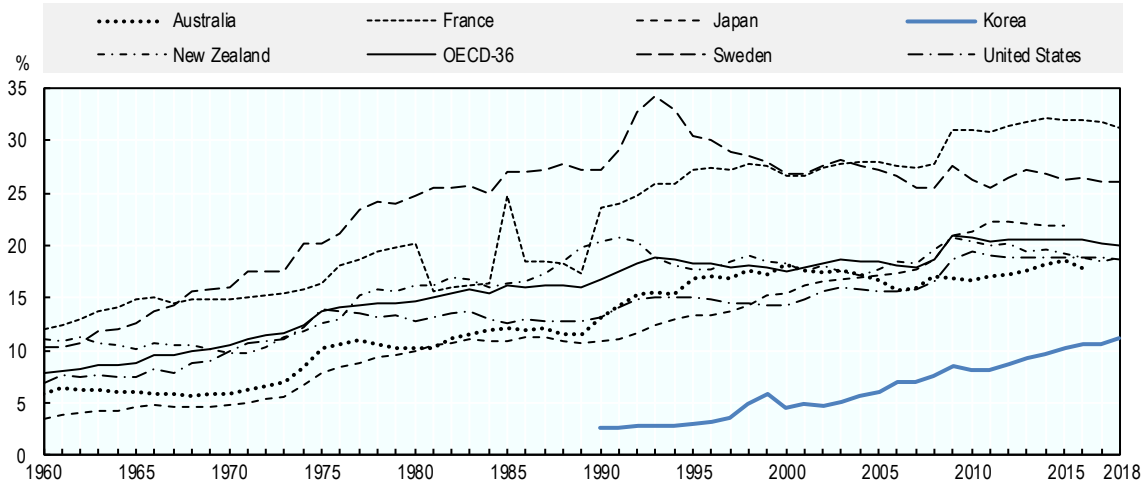
In all, there are tensions between modern attitudes, traditional family expectations and prevailing social and workplace practices, at the same time as issues around job-insecurity, low pay, housing and education costs and all these affect the timing and willingness of young people to marry and have children. In particular for women with high levels of educational attainment, the lure of greater employment opportunities and increased opportunity costs of withdrawing from the labour force has limited the attractiveness of the traditional "marriage package", while financial concerns have affected the ability of men to fulfil the traditional provider role (especially for men with lower levels of education).

1.3. A dynamic policy response

Welfare states in OECD countries developed over many years. Back in 1960, public social expenditure ranged from 5-12.5 of GDP, rising to between 18.5 and 32% of GDP in (descending order) by 2018 in France, Sweden, Japan, the United States, New Zealand and Australia with an OECD average at just over 20% (Figure 1.8). Public social spending across the OECD has ratcheted up with crises in the early 1970s, 1980s, the early 1990s, and the Great Recession in 2007/8, as it did with the Asian financial crisis in 1997/8 in Korea. As a result, spending increased on unemployment compensation, social assistance and active labour market policies while GDP declined (the denominator in the spending-to-GDP ratios). In addition, population ageing in OECD countries is driving up social spending through increased health and pension expenditures. In Korea, with a much younger population and a less mature welfare state (the pension system has yet to mature), public social spending amounted to just over 10% in 2018, just like in many western European OECD countries back in the mid-1960s. The government projects that under the current framework, public social spending will reach 25.8% of GDP by 2060 (OECD, 2018[6]).

Figure 1.8. Korea is a young welfare state

Trends in public social protection spending as a percent of GDP, 1960-2018



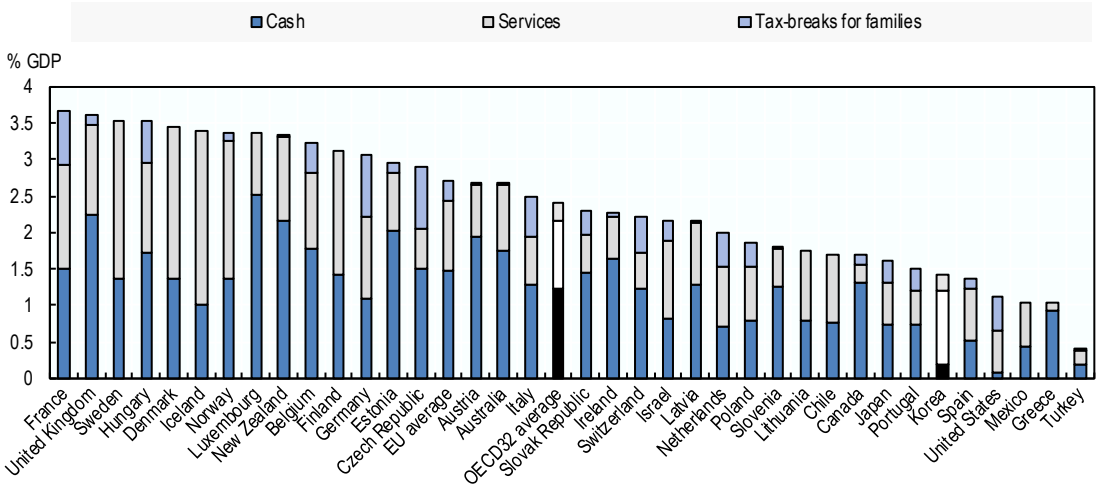
Note: Data concern gross spending items and do not account for the direct and indirect taxation of social benefits and/or the value of tax breaks with a social purpose.
Source: OECD Social Expenditure database www.oecd.org/social/expenditure.htm.

As in other OECD countries, public spending on pensions (3% of GDP) and Health (4% of GDP) are the largest public social expenditure items (*OECD Social Expenditure Database*). However, in Korea family spending constitutes the third largest social spending area at close to 1.5% of GDP (Figure 1.9, Panel A). This is related to the tenfold increase in public investment in early childhood education and care services (ECEC) to one per cent of GDP since the turn of the millennium (Figure 1.9, Panel B). Since the beginning of the 2000s, Korea has developed a comprehensive system of public and private formal day-care and kindergarten support for young children and their parents with enrolment rates in 2015/16 on par with the Nordic countries.

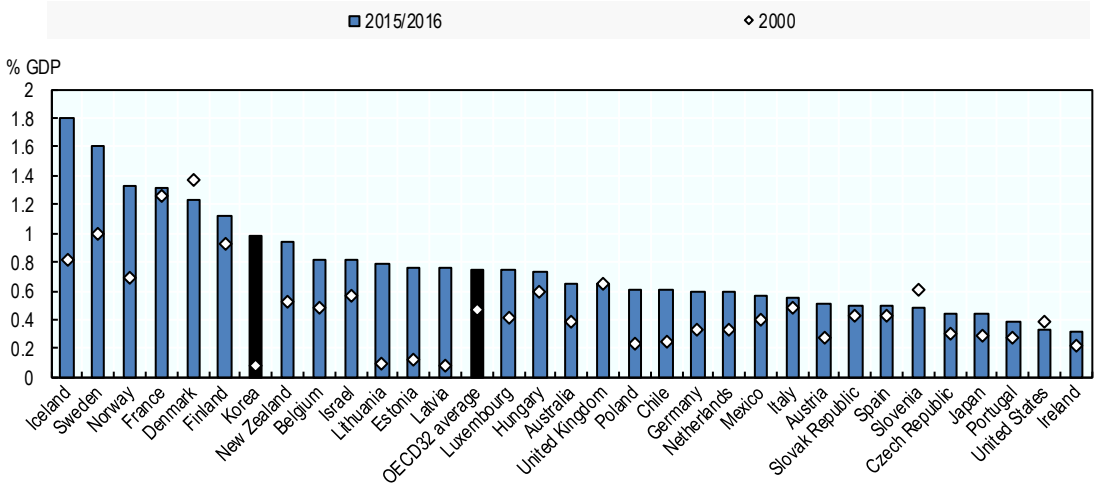
This dramatic expansion of family policy and the ensuing dedication to build a comprehensive ECEC system within in a relative short period stems from the widespread concern around persistently low fertility. Across OECD countries, family policy is multifaceted and involves a range of interdependent objectives (Adema, 2012[16]) (Thévenon, 2011[17]). These include helping parents reconcile work and family responsibilities; mobilising female labour supply and promoting gender equality to foster economic growth (Chapter 2); combating child and family poverty (Figure 1.6); promoting child development and enhancing child wellbeing (Chapter 4); and, promoting conditions that help adults have the number of children they desire at the time of their choosing (Chapter 5). The importance of each of these objectives in the family policy mix varies across countries and over time. In Korea, the overriding goal is to help parents have more children at the time of their choice. The rapid development of ECEC services should be seen in this context; it lies at the centre of Korea's series of five-year multifaceted policy initiatives designed to address low fertility and issues relating to an ageing society (Box 1.1).

Figure 1.9. Although overall public family spending remains low in Korea, public spending on ECEC is now well above the OECD average

Panel A. Public expenditure on family benefits by type of expenditure, as a % of GDP, 2015 or latest available



Panel B. Public expenditure on early childhood education and care, as a % of GDP, 2000 and 2015/2016[1]



Notes: Panel A: Public spending accounted for here concerns public support that is exclusively for families (e.g. child payments and allowances, parental leave benefits and childcare support) only. Spending in other social policy areas such as health and housing support also assists families, but not exclusively, and is not included here.

Panel B: In some countries, local governments play a key role in financing and providing childcare services. Such spending is comprehensively recorded in Nordic countries, but in some other (often federal) countries, local spending may not be fully captured.

1. Data for Australia, Chile, Israel, Korea, Mexico, New Zealand, Turkey, and the United States refer to 2016. Data for Poland refer to 2014. Data for all other countries refer to 2015.

Source: OECD Family Database, http://www.oecd.org/els/family/database.htm.

Box 1.1. Policy Plans on Low Fertility and an Ageing Society in Korea

Since the mid-2000s, Korea has put in place a range of broad policy initiatives to counter the decline in birth rates. Three successive plans have been adopted since 2006 and a fourth is in the pipeline:

- The first Basic Plan on Low Fertility and Ageing Society covering the 2006-2010 period, introduced measures to facilitate the reconciliation of work and family life, such as financial support for childcare for low-income families or the strengthening the employees' rights for maternity and parental leave. Other measures included (financial) assistance with infertility treatment and medical assistance for pregnant women.
- The second Basic Plan covered the period from 2011 to 2015 and included, in particular, the introduction of free childcare services for all families regardless of their income level.
- The third Basic Plan adopted in 2016 for the period up to 2020, aims to improve the standard of living of families through measures towards housing and education costs and the 2018 implementation of the third Basic plan introduced a child allowance for most children aged 0 to 5 years in September 2018. Other measures included labour market integration supports and the development of an after-school programme.

At the end of 2018, the Korean government announced the 'low fertility and ageing society policy roadmap' for the period up to 2022, and the fourth basic plan that will cover the 2021-2025 period is currently (2019) being discussed. This roadmap embodies Korea's paradigm shift in population policy towards improving the quality of life and a more inclusive society that embraces diversity in socio-economic groupings, gender, and across generations (Presidential Committee on Ageing Society and Population Policy, 2018[18]). In particular, the roadmap focuses on gender equality at the workplace and give parents more time in the private sphere. It involved increasing payment rates to encourage fathers' use of parental leave: in 2016, the daddy month was extended to three months, and from January 2019, the payment rate was increased to 100% of ordinary earnings up to a ceiling of KRW 2 500 000 (USD 2 273)[4] per month. The roadmap also introduced fiscal subsidies to employers to put towards the wage costs of employees with children up to age 8, who are allowed to work fewer hours; and requires companies (with 300 employees and/or assets worth KWR 5 trillion – about USD 4.6 billion) to report on workplace gender gaps such as pay, employment and career progression. In the private sphere, mothers will be able to choose to give their baby their surname, and birth and family certificates will no longer hold information on whether childbirth was outside marriage. Support for assisted reproduction treatments was also made available to single women and unmarried couples.

1.4. Towards a continuum of support policies for families throughout childhood

1.4.1. Leave to care for young children

Most OECD countries have long provided paid leave for use directly around childbirth, especially for mothers. Today, all OECD countries except the United States have national schemes that offer mothers a statutory right to paid maternity leave right around the birth (Figure 1.10, Panel A), usually for somewhere between 15 to 20 weeks. An increasing number of countries also offer paid paternity leave – short but usually well-paid periods of leave for fathers to be used within the first few months of a baby's arrival. Paternity leave often lasts for around one or two weeks, although in some OECD countries (e.g. Greece and Italy) they last for no more than just a few days (Figure 1.10, Panel B). In addition, many countries have paid parental leave arrangements that provide paid leave periods for about one year across the OECD on average. Often the paid leave entitlement is "shareable" among parents, which often leads to mothers rather than fathers using the leave, if only to limit the loss of household income during leave as maternal earnings are frequently lower than those of their partners. For that reason, countries have introduced specific fathers' entitlements within parental leave systems that are not transferable or that award bonus months if fathers use leave. In terms of duration, the Japanese and Korean

paid parental leave systems are the most generous, as they provide one year of non-transferable leave for fathers. Portugal has made the use of parental leave by fathers mandatory: Portuguese fathers are entitled to 25 working days of 'fathers'-only' paid parental leave, of which they are obliged to use 15 days within the first month after birth.

In Korea, women are entitled to 90 days of maternity leave, of which 60 days are paid up to 100% of past earnings, and the remaining 30 days at 100% of earnings up to a ceiling of KRW 1 800 000 (USD 1 636). However, the Korean system stands out in international comparison by allowing employed mothers and fathers insured with the Employment Insurance Fund to take up to 12 months of paid parental leave each, and the entitlement can be taken until a child's eighth birthday (with reforms laid out in the First Basic Plan on Low Fertility and an Ageing Society – see Box 1.1). Men can enjoy three "Daddy months" in addition, during which payment rates are 100% up to a maximum of KRW 2 500 000 (USD 2 273) per month, which is equivalent to about 61% of (2019) average earnings for a full-time worker (Chapter 3).

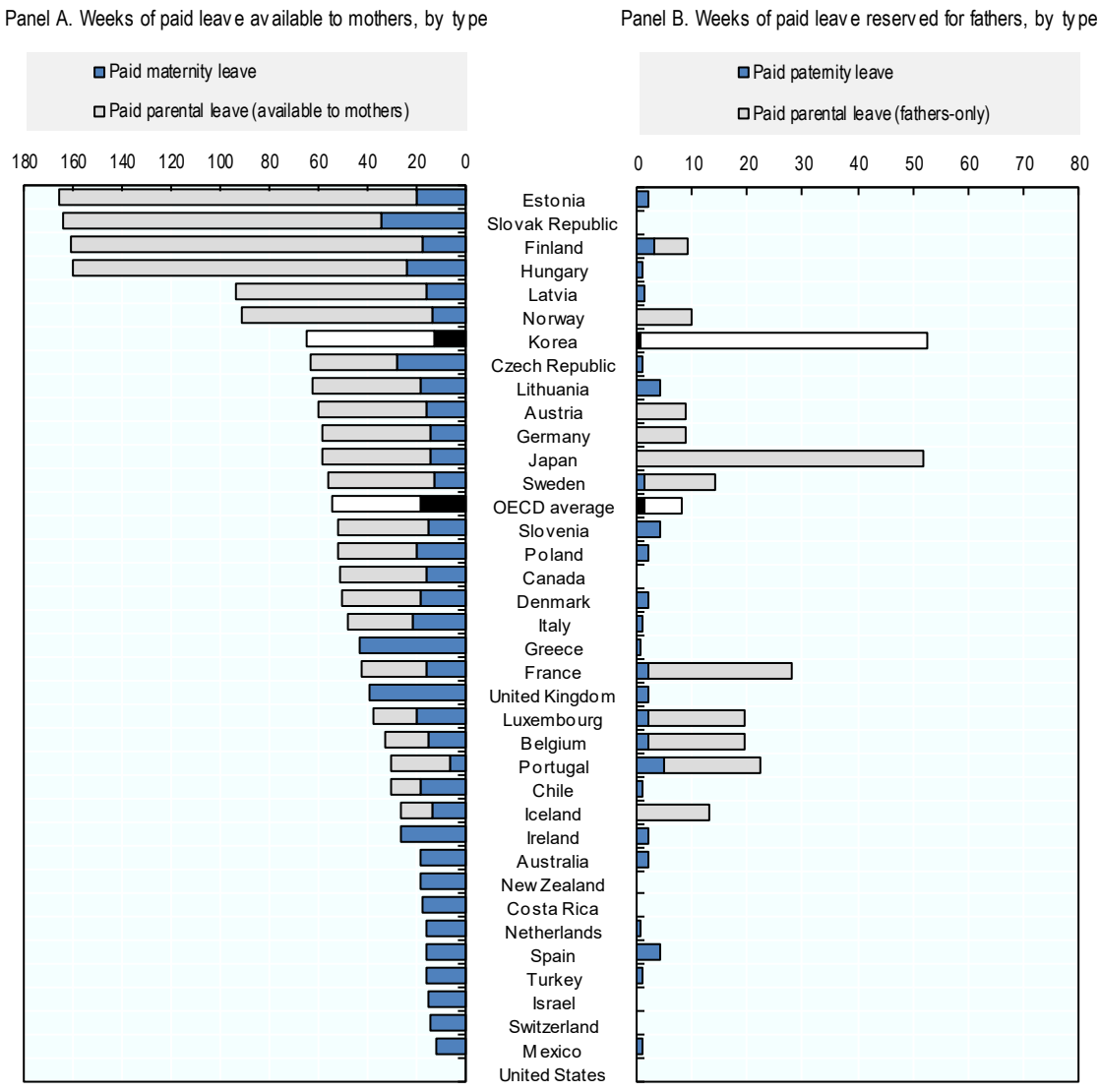
Despite the lengthy entitlements offered to parents, Korea's paid leave programmes are generally not well used, which helps to explain the limited amount of cash spending on family benefits in Korea (Figure 1.9, Panel A) . For example, of children born in 2017, only about 23% had mothers received maternity leave benefits from the national Employment Insurance Fund (Statistics Korea, 2018[19]), and in 2018, almost 100 000 parents (of which 81, 537 mothers and 17 662 fathers) claimed the parental leave benefit – roughly just over 30 claimants per 100 live births (Statistics Korea, 2018[19]). This compares poorly to some other OECD countries. For example, in Germany in 2016, there were roughly 94 mothers and 35 fathers claiming parental leave benefits for every 100 live births.

Paid leave around childbirth is an important policy tool in the group of measures that help parents combine work and family commitments throughout the early years. Unfortunately, however, the system is not as effective as it might be in Korea as less than a quarter of new-born children's parents make use of it. There are different reasons for the limited use of parental leave entitlements, including:

- Until the 1 July 2019 reform, one-third of female employees were not covered by the employment insurance fund. As the Employment Insurance Act does not apply to employees working for less than 60 hours per month, domestic workers and workers in SMEs in the agriculture, construction, forestry, fishery, and hunting sectors with four or less employees, these workers cannot receive maternity leave benefits from the Employment Insurance Fund. The reform covers these workers with income support up to KRW 1 500 000 (USD 1364) for 3 months. Government officials and public and private school teachers are covered by separate occupational arrangements that in terms of payments rates are the same as for employment insurance (EI), but that also provide two years of unpaid leave.
- Relatively tight criteria for eligibility for employment-protected leave: until the reform in 2018, employees had to work for an employer for the preceding 12 months, which meant that many workers (especially non-regular workers did not qualify). The reform reduced the qualifying period to 6 months, which is likely to increase take-up in future.
- To take paid parental leave, Korean employees must have been insured for at least 180 days prior to talking leave and take at least 30 days leave consecutively – which is likely to reduce the uptake among fathers. Self-employed workers cannot access paid parental leave.
- Overall, parental leave payment rates are not high in international comparison. While the first 3 months of parental leave are paid at 80% of previous earnings – and 100% of previous earnings, for the second parent to take leave – the remainder is paid at just 50%. After accounting for payment ceilings, the average payment rate for a parent on (2019) average full-time earnings (the Average Wage (AW), Chapter 2) would be about 31% of previous earnings, rising to 37% for the second parent to take leave (Chapter 3). Cultural factors may contribute to young mothers withdrawing from the labour force rather than taking leave, while a significant share of women prefer not to take the leave in order to avoid penalising their co-workers, as companies often do not fill temporary vacancies (OECD, 2018[6]).In addition, men are reluctant to take leave as they fear the career repercussions of doing so (Chapter 3).

Figure 1.10. Paid leave entitlements in Korea are long compared to many other OECD countries, especially for fathers

Duration of paid maternity leave and paid parental leave available to mothers and duration of paid paternity leave and paid parental leave reserved for fathers, 2018



Note: Data refer to paid leave entitlements in place as of April 2018 and do not reflect entitlements introduced or amended after April 2018. Data reflect statutory entitlements provided at the national or federal level only. They do not include regional variations or additional/alternative entitlements provided by states/provinces or local governments (e.g. Quebec in Canada, or California in the United States), or any employer-provided benefits that are paid beyond the statutory minimum duration. Payment rates during paid leave differ across countries. Data refer to statutory entitlements only and do not reflect the actual use of these entitlements, which may be influenced by cultural and societal norms and the preferences of parents. Periods of paid parental leave labelled "mother or first parent only" and "father or other parent only" refer to individual non-transferable entitlements, "mummy and daddy quotas" or periods of an overall leave entitlement that can be used only by one parent and cannot be transferred to the other parent, and any weeks of shareable leave that must be taken by one or both parents in order for the family to qualify for "bonus" weeks of parental leave.

a) Data for France refer to the entitlement for a family with only one child. Families with two or more children can receive paid parental leave for a longer period.

Source: OECD Family Database, Indicator PF2.1: www.oecd.org/social/family/database.htm.

1.4.2. ECEC-policies

The rapid development of the Korean ECEC system involves a comprehensive range of services for children under school age. There are three main types of ECEC supports: centre-based day-care, kindergarten, and childminding services at home. Support for centre-based day-care services is available to the parents of all children aged 0-5, subsidised (all-day) home-based childminding services are available for children aged between 3 months and 3 years old, and support for kindergarten is available to all children aged 3 to 5 (Chapter 4). Places in publicly supported facilities are heavily subsidised by the government, and generous cash benefits are available to parents with children in centre-based day-care and kindergarten. As a result, Korean has some of the lowest typical out-of-pocket childcare costs in the OECD (Chapter 4). Parents who do not use any of the three main types of ECEC supports can access a home care allowance that provides financial support towards full-time parental care (see below).

In contrast to the leave system, public investment in ECEC has led to widespread use. In 2016, just over half of the 0- to 2-year-olds and 93% of 3- to 5-year-olds in Korea were enrolled in ECEC services (Figure 4.6), and these compare well with OECD averages (33.2% (0-2) and 86.3% (3-5), respectively). Average daily participation of almost 7 hours per day for 5 days per week (in Sweden it is 30 hours per week), further illustrates the comprehensiveness of the Korean ECEC system.

Having developed a childcare sector quickly with the help of private ECEC providers – three quarters of the childcare centres are privately run – policy is increasingly turning to quality issues. The Korean authorities introduced the nationwide Nuri curriculum at kindergarten and day-care centres for children aged 5 in 2012 and children aged 3-4 in 2013, with the aim of improving standards, and since June 2019 accreditation is mandatory for centre-based services. The accreditation process considers issues around the care environment, management, childcare programmes, interaction with children, teaching methods, health, nutrition, and safety. Furthermore, there is also a drive towards bringing private centres into the public sphere, as Korean parents often prefer using public centres as they perceive them to be of higher quality. There is an assessment process before childcare centres can obtain the label “Childcare Facility of Public Standard,” and this process uses more stringent criteria than the mandatory assessments introduced earlier in 2019. As for kindergarten, local education offices (supervised by the Ministry of Education) assess the quality of all the kindergartens in their jurisdiction once every three years (see Chapter 4 for more detail).

1.4.3. Out-of-school-hours (OSH) services

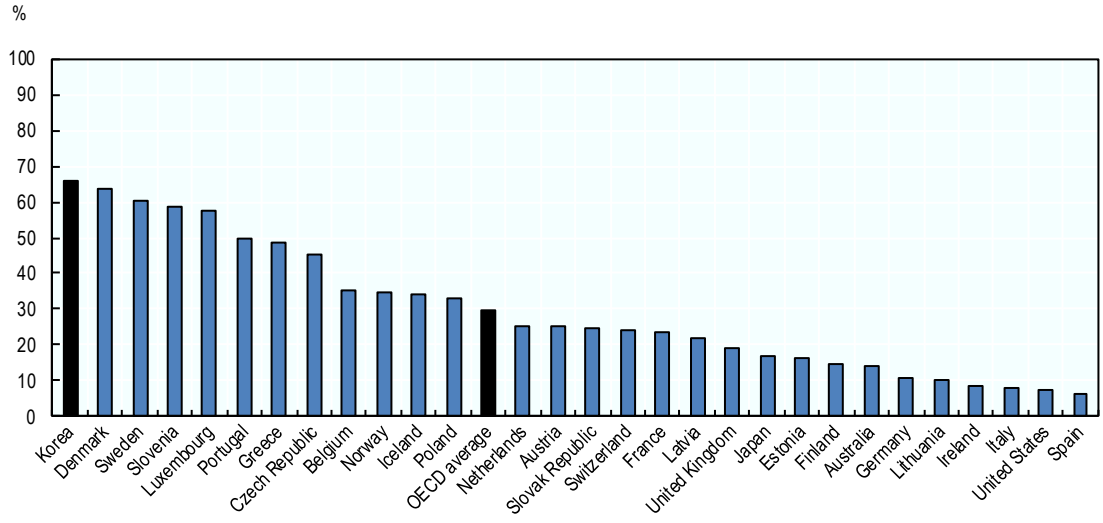
The regular school-day increases with age in Korea, but it is particularly short for the youngest students in primary education who are in school from 9 a.m. until 1 p.m. (Chapter 4). The Korean Ministry of Education provides “after-school education” services (until 5 p.m.) that are available in almost all schools from primary school right through to upper-secondary school. The programme aims to supplement the formal education curriculum, improve educational attainment, develop aptitude through art, music and sports activities, and reduce the burden of private education costs to households. There are also “after-school childcare” services mainly for students in the first and second years of primary school, which are sometimes open beyond 5 p.m. The relatively short hours in primary education and the provision of services at subsidised and affordable fees (Chapter 4), contribute to the high participation rate: in 2016, 65.9% of all primary school students attended these after education classes. Denmark and Sweden are the only other OECD countries where over 60% of children aged 6 to 11 go to centre-based OSH-care services during a typical week (Figure 1.11).

However, in view of the long working hours and private education commitments, just over one-third of primary school children spend some time alone at home or elsewhere, after school hours. To avoid such gaps and improve family service delivery more generally, the government developed community-based “all-day care framework” in a whole-of-government approach, involving the Ministries of Education, Health and Welfare, the Interior, Gender Equality and Family as well as local governments and local education

offices. This community-based care service network will provide childcare services using school and community facilities (e.g., town halls, local libraries, and local social services) to link and expand current OSH-service programmes. Each local government is encouraged to develop its own type of community-based services, including different mixes of services, and to make use of local strengths. For instance, “All Together Care Centres”, which started with seventeen pilot programmes in 2017, are providing childcare services including temporary and urgent care, transport to and from schools, help with schoolwork, and offer meals, and are projected to have about 1 800 such centres across the country by 2022. Coverage of the “after-school childcare classes” is scheduled to be extended to all primary schools students in the future. In 2018, about 13.4% of primary school students attended after-school childcare services and community childcare centres.

Figure 1.11. Participation in out-of-school-hours services is highest in Korea, Denmark and Sweden

Proportion of 6- to 11-year-olds using centre-based out-of-school-hours services, 2016



Note: Data for the United States refer to 2011, for Iceland and Switzerland to 2014, and for Australia to 2017. Data for Australia refer to children aged 6 to 12, for Japan to children aged 7 to 11, and for the United States to children aged 5 to 11. Data for Korea refer to children attending primary school. Data generally reflect the proportion of children who use centre-based out-of-school-hours care services for at least one hour during a usual week, cover the use of services offered before and/or after school hours only, and do not cover 'school-going' children who use centre-based care services only during school holidays or only on days when schools are closed. Exact definitions differ across countries; see OECD Family Database (http://www.oecd.org/els/family/database.htm) Indicator PF4.3 for more detail. Data for Korea refer to primary school students attending after school education classes only, and do not cover children attending other types of out-of-school-hours services. As a result, they likely under-estimate the actual share of children using OSH services.

Source: OECD Family Database, Indicator PF 4.3, http://www.oecd.org/els/family/database.htm, and Korean Ministry of Education (2019[20]), *Statistics on After-School Education*, https://moe.go.kr/boardCnts/view.do?boardID=316&boardSeq=76304&lev=0&searchType=null&statusYN=W&page=1&s=moe&m=0302&opType=N.

1.4.4. Child benefit, home care allowance and financial incentives to work

Until 2018, Korea was one of the few OECD countries without some kind of national child allowance cash transfer scheme that help families with the costs of raising children and improve their standard of living. Initially, payments were income-tested, but as almost all children with the given age range were covered, it made little sense to maintain it. In 2019, eligibility for the child allowance was expanded to all children aged 0-6. With payment rates close to 2-3% of average earnings, support levels are similar to those in, for example, Finland, Sweden and the United Kingdom, but in these countries payments continue until children become adults.

While developing an extensive formal childcare system, Korea also instituted a home care allowance for parents who care for their young children (0-5) at home, and who do not use childcare, kindergarten and full-time childminding services. Since 2013, the allowance is no longer income-tested and potentially covers all 0-5 year-olds, but use tails off sharply among 3-5 year olds (Chapter 4). Payment rates vary with age: they are highest for those not yet one year of age at 6.8% of the average wage. Parents of very young children (including those on maternity/parental leave) often claim the home care allowance: in 2018, almost 600 000 parents with children aged 0-2 (about 50% of this age group) claimed the home care allowance. The remaining half of children in this age group participated in ECEC.

Payment rates of the different forms of financial support for families with young children are not high (Chapter 2). The popularity of the home care allowance is related to preferences to care at home for very young children, rather than seen as a response to strong financial incentives to stay at home.

1.5. Pathways for policy reform towards a rejuvenated Korea

There are tensions in Korea between modern attitudes, traditional family expectations and prevailing social and workplace practices, and at the same time, issues around job-insecurity, low pay, and housing and education costs. All these factors affect the timing and willingness of young people to marry and have children. To stop the fall in birth rates or better still, to turn trends around towards more sustainable, long-term patterns; policy has to better help (prospective) parents feel secure enough about having children. Korean family policy is already moving in that direction. An extensive set of measures has been put in place since the early 2000s, including comparatively generous parental leave entitlements and the extremely rapid development of a wide range of ECEC services. However, there are still some gaps to fill, especially in terms of access to leave, ECEC quality, and OSH-care capacity. Even so, there is an increasing realisation that public policy change in itself cannot be enough; cultural change is also needed, particularly in workplaces.

1.5.1. Reducing labour market dualism and its impact

Easing the labour market transition of youth

Korea's labour market is highly segmented, and this segmentation is one of the drivers of persistently low fertility. It generates a high level of competition across youth to get access to stable jobs and good career opportunities, and leads to a large group of workers facing low wages, high levels of job insecurity and low levels of social protection. This is hardly compatible with starting a family. For this reason, many couples postpone the birth of their first child until after they have gained professional experience and achieved a minimum of job stability; being in stable employment for more than 1 year is one factor that influences the probability of starting a family (Chapter 5).

Policies to ease the transition to adult life by helping young people have stable jobs are crucial to enable them to make birth plans. Young adults often need about one year to get a first job upon graduation, often in an SME, and it frequently takes around 2-3 years before they get into stable employment in larger

companies. OECD (2019[4]), elaborates on different measures that are needed to help youth have a good start in the labour market, including:

- Addressing labour market duality by easing employment protection legislation, reforming large business groups and enhancing dynamism in small firms, and support companies in altering their recruitment practices by providing training in competency-based hiring and introducing intermediary matching services for small and medium-sized enterprises.
- Improving the school to work transition by enhancing employment supports and improving the effectiveness of career guidance and counselling, and ensuring quality improvements in secondary vocational education, including through more and deeper connections with industry. Extend the coverage of apprenticeships among companies and youth and reduce their cost for employers.
- Extending coverage of social protection among young people, including a more effective enforcement of social insurance legislation, widening the coverage of social protection among non-regular jobs, monitoring access to Earned Income Tax Credits among young workers and easing access to the Basic Livelihood Security Programme by abolishing the strict rules on family support obligations (Chapter 2). There is a risk that increased access to social benefits may increase the job-search period. Then again, according to government estimates, different support measures, including in-work benefits, should bring the real earnings of youth employed by SMEs closer to those working for large enterprises. This would mitigate the implications of labour market duality, while the increased real incomes for young workers can help provide a more solid basis for starting a family.

Increase the use of paid leave to care for children

The effectiveness of maternity and parental leaves as a family support policy is limited, as large groups of workers do not have access to paid leave around childbirth (see above). Eligibility criteria in the current employment insurance (EI) system to employment-protected maternity and parental leave do not cover the one-third of female employees. The maternity leave reform introduced on 1 July 2019 extended coverage and the qualifying period for parental leave has recently been reduced to six months of continuous employment with the same employer. Even so, access criteria should be eased further and extended to include a greater group of (non-regular) workers as well as self-employed workers (Chapter 3).

One of the barriers to the use of existing leave programmes in Korea is the unsupportive workplace culture. In Sweden, for example, the law guarantees the right to parental leave and an employer who fails to comply faces significant penalties: working parents can take their cases to court if they are subject to unfair treatment (e.g. reduced opportunity for promotion or salary increase). Also, few Swedish employers say they have negative views about their employee's use of parental leave and employees have high trust in their managers on this subject. For leave policies to become more effective in Korea, it is important to develop a more supportive workplace environment and better enforcement of the law (OECD, 2016[21]). A government initiative linking data on health and employment insurance and investigating firms suspected of not allowing workers to take maternity leave is well worth pursuing and should be strengthened where needed (OECD, 2018[6]).

Higher rates of earnings replacement over the leave period are also crucial to increase leave take-up and reduce socio-economic differences in labour market and fertility outcomes. Chapter 5 shows that income support during leave can have a small positive effect on fertility rates, while the duration of child-related leave has no impact. When payment rates are low, financial incentives to take leave are strongest for low-income families, whereas the opportunity cost of taking leave is then higher. Payment rates of around 55-66% up to a certain threshold seems to be a reasonable model to follow (Adema, Clarke and Frey, 2015[22]) (Chapter 3). A comparison with Sweden, where paid leave is the first and essential building block of the continuum of supports for families throughout childhood, may be illustrative. In Sweden, women are entitled to just under 55 weeks of leave at an average replacement rate of 62% of the average wage; when

taking both maternity and parental leave, after accounting for payment ceilings, Korean mothers can be on leave for nearly 65 weeks in total at an average payment rate of just under 40% of previous earnings for an average earner.

The Swedish paid leave system also extends eligibility to paid leave at the same payment rate if an additional child is born or adopted within 30 months of the birth or adoption of the earlier child. This is financially advantageous to parents who would otherwise go back to work after the first child, but who reduce working hours, earnings and subsequently qualify for a lower payment rate during leave. The evidence suggests that this "speed premium" contributed to accelerated births, but its effect on the completed fertility rate and family size in Sweden is unclear (Chapter 5).

Higher payment rates are also essential to get fathers to take paid leave around childbirth and contribute to care provision at home. There is some evidence to suggest that this may affect male behaviour throughout childhood. Greater male participation in unpaid work obviously facilitates female employment participation and fosters gender equality at home and in the workplace. As it is a direct policy lever whereby governments can try to change behaviour in the private sphere towards greater gender equality, about one-third of OECD countries have now introduced paid leave targeted at fathers for at least 2 months (Figure 1.10). In Korea, if the father were to take their entire one year paid leave entitlement, after accounting for payment ceilings, the average payment across the whole leave would work out at around 40% of previous earnings for an average earner (AW). In Iceland this is close to 70%, in Sweden it is 78%, and in Norway it is as high as 94% of previous earnings for an average earner. However, as of 2019, the second parent on parental leave for the same child (usually the father), the first three months of leave are paid at 100% of ordinary wages, up to a ceiling equal to roughly 60% of average full-time earnings. In any case, the effect of more fathers taking leave on fertility will be small, and there is even some evidence for Korea and Spain that there seems to be a negative association between father's leave and the likelihood of having a second child (Chapter 5).

One way of achieving higher payment rates is giving parents the option to use leave for shorter periods at higher payment rates, while facilitating the use of paid leave on a part-time basis (in combination with regular earnings) is another option to increase take-up that would sustain family incomes. It also promotes an equal sharing of the leave entitlement, which reflects the aspirations expressed by a large part of the Korean population (Chapter 5). German policy reform since the mid-2000s provides an example of leave reform that offers higher payment rates at shorter durations – a 12-month paid leave at 67% of the parents' past earning including a 2-month bonus if both parents take at least two months' leave. The leave can be taken on a part-time basis, in which case the allowance can be paid for 20 to 24 months, and is associated with an increase in fertility among highly educated women in their mid-thirties (Chapter 5).

Enhancing workplace flexibility

The prevailing long hours culture in Korean workplaces does not facilitate the reconciliation in work and family life, and these difficulties are the main reason for not intending to have a child for about 20% of Korean women (Chapter 5). Furthermore, it involves health risks and it contributes to low labour productivity overall, so there is ample reason for reform. However, negotiating employment conditions is the remit of employers and unions, and governments around the world are hesitant to directly intervene in this area. Nevertheless, in recent years, the Korean government has moved to introduce legislation regarding curtailing working hours from a maximum of 68 hours per week to 52, and flexible working practices for parents with young children. However, there is room for improvement in relevant workplace practices, including around issues such as:

- Expanding opportunities to work part-time on a regular employment contract with associated remuneration being proportional to workers on full-time regular contracts, as is common practice in, for example, the Netherlands (OECD, 2019[23]). This could help reduce the number of working women leaving the labour market around childbirth as well as increase the number of "mother

returners." Also, Chapter 5 shows that in line with different cross-national and Korean studies, an expansion of part-time work opportunities (30 hours per week or less) can help increase fertility. Some countries, e.g. Germany and Sweden, reserve flexible working time entitlements to employees with care responsibilities for young children, but other countries such as the Netherlands or the United Kingdom have opened this possibility to all employees to avoid discrimination against particular groups or employees (Chapter 3).

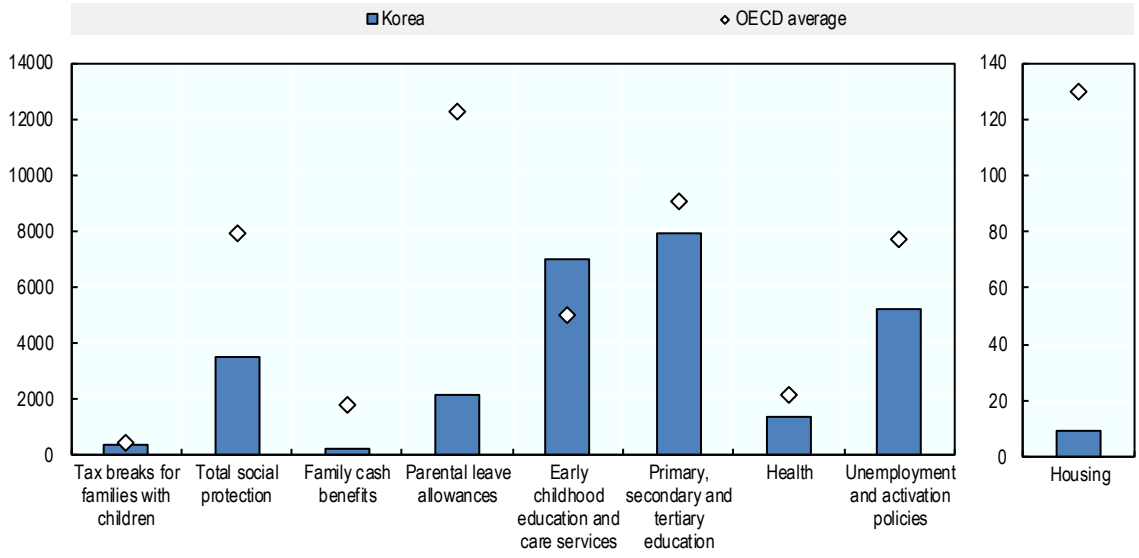
- Promoting greater working time flexibility. Encourage companies to develop opportunities to work with flexible starting and finishing times, spread working hours across weeks or months, or use home or teleworking options to help workers balance work and family. The government should encourage companies to put this issue on the agenda of enterprise and sectoral bargaining, and facilitate the sharing of information on best practices in working time flexibility and the implementation of associated changes in work organisation.
- Strengthening affirmative measures to promote gender equality in employment. Korea has put in place affirmative action plans to monitor companies' progress in achieving gender equality in employment (Chapter 3). Following the example of some countries, pay transparency measures could be introduced to help reduce gender pay inequalities.
- Tackling discrimination effectively: increase sanctions on employers to improve the financial incentives to comply with non-discriminatory workplace practices; strengthen the labour inspectorate to more effectively enforce anti-discrimination legislation; and make it easier for workers to file complaints about discrimination with labour courts.

1.5.2. Greater investment in family well-being

Public financial support for families through cash transfers, tax breaks and service provisions are important policy tools for strengthening the resources of families and their well-being. On the whole, per capita spending on social protection in Korea is just below half the OECD average in 2015 (Figure 1.12): only the level of per capita spending on ECEC services is significantly above the OECD in Korea. By contrast, the amounts spent on public income support during maternity, paternity and parental leave in Korea are well below the OECD average, reflecting its limited use. Per capita expenditure on housing is also much lower than average, as are the per child expenditures on family cash benefit (though they do not account for the September 2018 reform).

Figure 1.12. Investment in family benefits per capita is generally below the OECD average except for tax breaks and ECEC

Per capita expenditures on family and social policies, 2015



Note: Family benefits include child allowances and credits, childcare support, and single parent payments; income support during leave to care for children are categorised in a separate "parental leave allowances" category. Health expenditures include spending on in- and out-patient care, medical goods, and prevention. Tax breaks for families include tax exemptions (e.g. income from child benefits that is not included in the tax base); child tax allowances (amounts for children that are deducted from gross income and are not included in taxable income), and child tax credits (amounts that are deducted from the tax liability). Spending on early childhood education and care include the direct financing or subsidisation of childcare and early childhood education facilities, plus public childcare support through earmarked payments to parents. Housing expenditures include housing allowances and rent subsidies. Government spending on primary, secondary and tertiary education are expressed per full-time student. For each category, the total of expenditures is divided by the approximated population target: the number of children aged 0 to 17 for tax breaks and family benefits; the number of births for spending on leave; the number of children under age 5 for early childhood education and care services; the unemployed population for unemployment and activation policies; and, the total number of the population for health and housing expenditures.
Source: OECD Social Expenditure Database (www.oecd.org/social/expenditure.htm) and Educational Finance Indicators.

Chapter 5 shows that across the OECD, there is a positive association between fertility rates and per capital level of total social spending, and that the association between fertility rates and per child spending on ECEC services is strongest. Chapter 5 also shows that across OECD countries, fertility rates are not related to the duration of paid leave around childbirth, but are positively associated with increased public spending on paid leave, health and housing.

When starting a family, young people consider housing opportunities in terms of affordability, but also consider the quality of buildings and the local housing environment, including access to good quality childcare services, schools, jobs and commuting opportunities (OECD, 2018[24]). Korea's policies aim to alleviate the housing cost burden for young people, newlyweds, and multi-child families by: supplying new and maintaining existing public rental housing units; enhancing the coverage of housing allowances; and increasing loans for both rental housing and housing for purchase. Indeed, many young couples do not have the necessary income to buy their first home or to enter the traditional Jeonse rental system (see above). The government now offers low-interest loans for housing deposits under the Jeonse system to young people, and young people under 35 can also borrow at a reduced rate to help with monthly rent. Such policy supports could be extended to cover more young people.

Current per capita spending levels as related to GDP are not high in international comparison (Figure 1.12), which suggest there remains room to invest more in families to help them deal with the cost of raising children. However, the effect of increased investment in family supports on fertility rates is likely to be limited (Chapter 5). Furthermore, the design of such measures has to be considered carefully to enhance their effectiveness (e.g. see the experience with the use of paid leave to care for children) and to avoid adverse and unintended effects. Current payment rates of cash and fiscal supports to Korean families are relative low – and childcare support is relatively high, so that overall financial incentives to work are strong (*OECD Tax-Benefit Data Portal*). However, there is a risk that increasing income support might reduce labour supply. Korea's new child allowance is moderate by OECD standards, and eligibility is limited to families with children aged 0-6. Extending eligibility up until children reach adulthood or at least up to the point where they leave compulsory education, would further help Korean families with the costs of raising children, as would expanding the means-tested refundable child care tax credit.

Having rolled out an extensive ECEC system, quality concerns are increasingly coming to the forefront in ECEC policy (OECD, 2019[25]). The pre-primary education "Nuri Curriculum" for ECEC services, was introduced in 2012/13 and mandatory accreditation of childcare centres was introduced in 2019. However, not all centres are of a standard that benefits public ECEC facilities, and there is room for improvement in standardising the curriculum across all centres, enhancing quality standards across more centres and strengthening quality monitoring.

Educational expectations for children – and their associated costs – are likely to play a role in fertility decisions. The school environment is extremely competitive, and the amount of time spent studying affects both child well-being and the household cost of education. Making child education less costly for households, but also less stressful and time consuming is key to improve child and family well-being. To that end, it is important to address the fundamental drivers of demand for expensive private education: i.e. improve the quality of public education, better address the needs of high school students and strengthen vocational education. Greater public spending on education could increase the number of hours in primary education and improve its quality by reducing student-teacher ratios, thereby reducing the need for and time spent on expensive private education. Strengthening vocational education would reduce the over-emphasis on higher education and the need for private tutoring (OECD, 2014[26]). The need for private education would also diminish by reducing the role of the university entrance exam: the College Scholastic Aptitude Test – CSAT. Increasingly, students use "early admissions" processes to enter universities (which give greater weight to broad criteria such as teacher recommendations, service projects, extra-curricular activities and employment experience, other than the CSAT) (Chapter 4). Giving greater weight to these broader criteria within university entrance procedures, would reduce the demand for Hakwon, which include a strong focus on preparing students for the university entrance exam (OECD, 2014[26]).

Care and education policies should focus more on children and adolescents well-being from the early years of life, and pay more attention to child development, personal self-esteem, trust and social skills. To this end, ECEC and afterschool services could make more room for play-based learning and sports and arts education, which are shown to have positive effects on children's cognitive, emotional and social development. This requires having qualified staff and establishing partnerships between various groups of practitioners and stakeholders at the local level. Guidelines to develop best practices could also help further develop high-quality, cost-effective family services. Greater investment in and a better organisation of local services, as in all-together centres, can help improve the delivery of "wrap-around care services", avoid children being on their own during the day, and improve child and family well-being.

However, there should be no doubt that increased public spending on education will have only a limited positive effect on fertility rates, unless the competitive nature of the education system is changed and parents and children face less pressure to enter the educational race that feeds the private education industry. It is ironic that the persistently low birth rate may well prove to be helpful in this regard: rather than competing to get into universities, the private education industry will start competing to attract students from a shrinking birth cohort. This could reduce the demand for private education in future.

Finally, it is important that the different family policy measures of cash, fiscal and in-kind service supports fit together in a seamless system of continuous supports throughout childhood. Once people get the feeling that having children is compatible with work commitments – as they do in, for example, the Scandinavian countries and France, then they will actually have children. Employers, unions, and society at large all have their role to play in forging an environment wherein young people sense they can successfully pursue their work and family aspirations. Public support for such a work and family society is indispensable, but it also has to be reliable. For family policies to be effective, they have to be trusted. Such trust is gained through the stability and continuity of such policies. The widespread concerns among Korean policy makers on the persistence of low birth rates suggests that a consensus among the political spectrum should be found for years to come to build the stability and continuity that family policy needs to be effective.

Box 1.2. Family policy recommendations for Korea

The effectiveness of family policy reforms as proposed below is co-determined by the institutional context in which it plays out. For example, without product market reform that reduces the gaps in productivity and wages between Chaebols and SMEs and/or labour market reform that limits the gaps in employment conditions between regular and non-regular workers (OECD, 2018[6]), the suggested reforms below will be rendered less effective than they otherwise could have been.

- Improve the school to work transition for youth in Korea through a range of measures including: better career counselling, improved secondary vocational education, extended coverage of apprenticeships and greater access to social protection and adequate employment support for youth (see (OECD, 2019[4]), for more detail).
- Enhance the use of maternity and parental leave as a family support tool by:
  - Introducing options to take leave for shorter periods at higher payment rates and/or use leave on a part-time basis; extending parental leave entitlements to groups of workers hitherto not covered (e.g., employees working less than 600 hours per month, domestic workers and the self-employed). Introduce information and awareness campaigns, among men and employers to promote take-up among fathers.
  - Increase payment rates of income support during leave to stimulate use. Payment rates of around 55-66% up to a certain threshold over a specified period appear to be a reasonable model to follow.

    Consider introducing a “speed premium” in the parental leave system that allows taking leave at the payment rate applicable for the previous child.
- Improve flexibility in workplace practices, including through:
  - Expanding opportunities to work part-time in regular employment with remuneration and benefit entitlements being proportional to full-time workers.
  - Promoting greater working time flexibility by developing opportunities to work with flexible starting and finishing times, and to spread working hours across weeks or months.
  - Monitoring the effects of the recent introduction of legislation aimed at curtailing the prevalence of long working hours, and introduce reforms as needed in view of this evaluation.
  - Improving enforcement of non-discrimination legislation.
- Help young people and families with children by extending support (such as low-interest loans) for these groups to buy or rent accommodation through the traditional Jeonse tenure system or by providing support of equivalent value to monthly rentals.
- Consider extending the eligible age range for the new Korean child allowance to families with children until adulthood or at least up to the age where children leave compulsory education, and/or expanding the child care tax credit.
- Making child education less costly for households and less stressful and time consuming is key to improve child and family well-being. Measures could include:
  - Greater public spending on education to increase the number of hours in primary education and improve its quality, thus reducing the need to spend time in private education.
  - Give greater weight in university admission processes to broader criteria such as teacher recommendations, service projects, extra-curricular activities and employment experience, thereby reducing the need to use private education to prepare for the College Scholastic Aptitude Test.

  - Strengthening vocational education reduces the need for private tutoring.
- Roll out greater investment in and a better organisation of local services for families and children through, for example, the extension of “After-school childcare classes” to all primary school children and “all together centres” to improve the delivery of “wraparound out-of-school-hours services.”

It is important that the different family policy measures of cash, fiscal and in-kind service supports fit together in a seamless system of continuous supports throughout childhood. To engender the trust in family policy that is so necessary for it to be effective, it is crucial that family policy is supported across the political spectrum so that its stability and continuity is guaranteed.

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Notes

[1] A comprehensive study of work-life balance issues warrants a detailed discussion of all relevant policies, including long-term care policies. However, a detailed assessment of long-term care (and associated social and health care) systems is beyond the scope of this report, which focusses more narrowly on issues around reconciling work and care commitments for families with young children.

[2] The economic transformation after the Korean War contributed to the declining prevalence of the traditional multigenerational family (from 30% of households in 1955 to 10% in 1990), as children left rural areas to set up their own couple families in urban centres (Park, Cho and Han Park, 2013[7]).

[3] The Jeonse down-payment is paid back to the tenant at the end of the rental contract in nominal terms, so that the Landlord captures the gains in house price inflation.

[4] Throughout this report, values in Korean Won (KRW) are converted to United States Dollars (USD) are the 2018 period average of 1 USD = 1100 KRW (OECD, 2019[27]).

2 Families, family life and family policy in flux

Korean families are changing fast. Fertility is low and falling rapidly. Koreans are marrying and starting families later than ever before. Couple-with-children households, the dominant household type in Korea until only recently, will soon make up fewer than one-quarter of all households. The Korean population, still one of the OECD's youngest, will soon be among its oldest.

This chapter provides an outline of the many ways in which families are changing in Korea. It covers developments in demographics and family structure, shifts in attitudes towards marriage, parenthood, family, gender roles, and changes in Korean public support for the family, with particular emphasis on changing financial supports.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

2.1. Introduction and main findings

Korean families are changing. Only a few decades ago, family life in Korea meant a traditional couple-with-children household, with two married parents and, often, at least two children. Links across generations were incredibly strong. Marriage and parenthood were seen by many as duties and obligations, while responsibility for the care of vulnerable family members (both young and old) was placed almost entirely on the family itself. Inside the home, couples often operated a male breadwinner-style gender division of labour. Male partners often worked long, full-time hours, while female partners engaged much more in unpaid work in the home, especially after the arrival of children.

Things look very different today. Korean attitudes towards marriage, family and gender roles have loosened in recent decades, moving away from the strict system of mutual responsibilities and obligations. Young Koreans in particular are putting less weight on marriage and parenthood than in previous years, with more and more people seeing both as a choice rather than an obligation. The responsibility for elder care is no longer seen as the family's alone. Koreans also increasingly oppose a strict gender division of labour and the "male breadwinner" family model, even if men continue to work very long hours and attitudes towards women's careers – and in particular, the importance of women's careers relative to men's – remain more traditional than in many other OECD countries.

Family behaviours have changed considerably too. Koreans are increasingly postponing family formation, preferring to marry and start a family later than ever before. Since the early 1990s, the average age of Korean women at first marriage has increased by five years, as has the average age at first birth. Fewer Koreans are getting married now than in the past, and more are getting divorced. Fertility rates are low and falling rapidly. In 2018, the Korean total fertility rate – the average number of children born per woman over a lifetime, given current fertility rates – is likely to have fallen for the first time below the symbolic level of one child per woman. This would be the lowest total fertility rate in the OECD by some margin.

These changes will have a profound effect on the future shape of Korean society. Korea's low and declining birth rates mean that over the next few decades, Korea will shift from being one the of OECD's youngest countries to one of its oldest. The median age of a Korean is set to increase by ten years in the next twenty years. The old-age dependency ratio – the number of people aged 65 and over per 100 working-age adults aged 20-64 – will more than double over the same period. Fewer children means fewer traditional couple-with-children households; in their place, single-person households are set to become the most frequent household type. Fewer children also means fewer future workers. Between now and 2040, the total size of the Korean labour force is set to decline by about 2.5 million workers, with major implications for economic performance and the sustainability of public finances.

Korean public policy is responding to these challenges. Over the last decade or so, Korea has transformed its system of public family support, with public spending on families having grown more than tenfold since the early 2000s. Public childcare support is now generous and comprehensive (Chapter 4), and paid leave is theoretically extensive, even if there remains issues around coverage and payment rates (Chapter 3). In recent years, attention has turned towards financial supports for families. In 2018, for the first time, Korea introduced a universal child allowance for young children. The expansion in 2019 of two refundable means-tested tax credits (the earned-income tax credit and child care tax credit) will also help provide more families with more financial support.

However, there is room for Korea to do more in supporting families with children, especially with respect to financial support. Families with older children in particular still receive relatively little financial assistance from the government, partly because the new child allowance covers only young children. One option for Korea is to extend the child allowance to cover all children until they reach adulthood, or at least until they leave compulsory education at age 14. However, since the child allowance is not means tested, this would involve transfers to families of all types, including those already on relatively high incomes. A second option is to increase payments made through one or both of the means-tested earned-income and child care tax

credits. This would provide greater targeted assistance to those families that need it most – low-income families. From the perspective of supporting families with children, expanding the child care tax credit is likely to be most preferable, since payments made through this credit respond directly to the number of children in the family.

2.2. Changing families

Families are changing in many ways in the OECD. Most OECD countries have seen fertility rates decline over the past two or three decades, and with it, the average size of families as well (*OECD Family Database*). Increasingly, both men and women want to establish a foothold in the labour market first before starting a family, leading to increases across the OECD in the ages at which couples are getting married and the ages at which mothers are having their first child. More and more adults remain childless (*OECD Family Database*).

At the same time, families are becoming more diverse. Increases in the frequency of divorce and growth in the number of births outside marriage mean that many more children are growing up outside of the traditional married-couple household. In 2017, on average across OECD countries with available data, roughly 15% of children aged 0-17 lived with two unmarried, co-habiting parents, and 17% lived with a single parent (*OECD Family Database*). Parents are also more often re-partnering, giving rise to growth in the number of step and blended families.

The way families operate in the labour market is changing, too. Across the OECD, there has been a sharp increase in the proportion of women attaining high levels of educational attainment and in the proportion of women entering the labour force (*OECD Employment Database; OECD Family Database*). In most OECD countries, women now have a better chance of fulfilling their career aspirations. The role of the male breadwinner model is diminishing and in most OECD countries, dual-earner families prevail in one form or another (*OECD Family Database*).

In many respects, Korea is no different. As elsewhere in the OECD, Korean families have changed considerably over recent decades. Couples in Korea are increasingly postponing family formation, for example. The average age of women at marriage in Korea has increased by about five years since the early 1990s, as has the average age of women at childbirth (*OECD Family Database*). When Korean families do have children, they often have far fewer children than in the past; the share of live births that are third or higher births has fallen from about one-in-four in 1981 to less than one-in-ten in 2017 (Statistics Korea, 2019[1]). Divorce rates in Korea, although slightly lower now than in the early 2000s, are still more than twice as high as they were at any point before 1990 (*OECD Family Database*).

Yet, in several other ways, Korea stands out from much of the rest of the OECD. Sometimes this is just a matter of the pace of change. For example, many OECD countries have seen birth rates fall in recent decades, but Korea's decline has been faster and more pronounced than almost anywhere else (Section 2.2.1). In other cases, Korea exhibits trends that differ considerably from most other OECD countries. The clearest example here is in the continued importance of marriage as a social institution. Elsewhere in the OECD, many couples now live together and raise children before or without getting married, whereas in Korea, births to unmarried couples remain extremely rare (Section 2.2.2). As a result, Korea's rapidly declining marriage rate has important implications for fertility.

2.2.1. Low and declining fertility

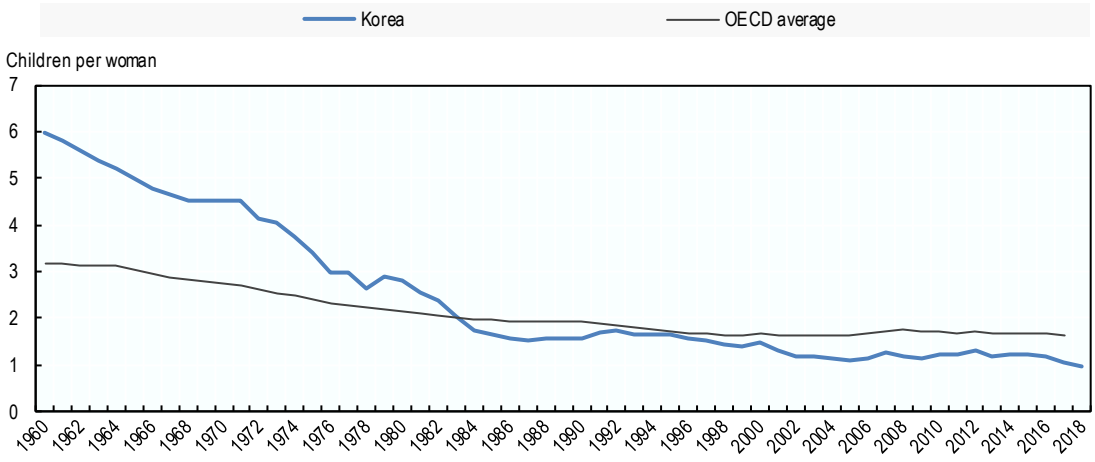
Fertility in Korea has declined dramatically over the past few decades (Figure 2.1). Historically, similar to many East Asian countries, fertility in Korea was very high. Throughout the 1960s and 1970s, Korea had some of the highest total fertility rates (TFRs) in the OECD (*OECD Family Database*) and Korea's TFR of 4.5 children per woman in 1970 was still well over 50% higher than the OECD average (2.7 children per

woman) (Figure 2.1). However, over the course of only few decades, fertility in Korea has plummeted to the lowest level in the OECD. In the mid-1980s, Korea's TFR fell to below two children per woman, and by the mid-2000s, it had fallen to a historic low of 1.1 (Figure 2.1). In 2017, Korea's TFR stood at just 1.05. Preliminary figures for 2018 suggest it is now likely to have fallen below the symbolic figure of one child per woman (Statistics Korea, 2019[1]).

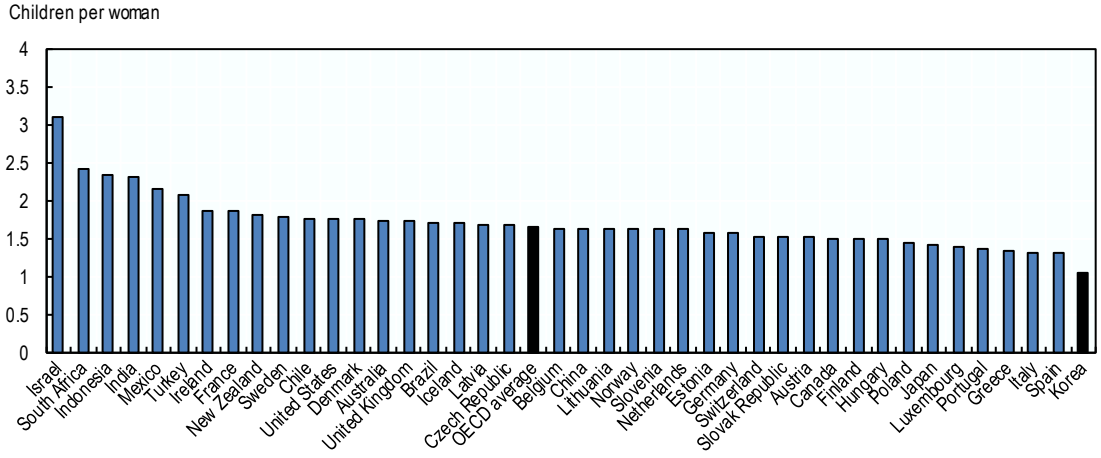
The underlying dynamics of Korea's fertility decline are complex (Chapter 5). Much of the early decline (up to the mid-1980s) can be explained by a reduction in the number of families having several children, especially three or more children, while later declines (from the early-1990s) were driven more by young Koreans postponing parenthood (see below). More recently, Korean families have also increasingly turned away from having a second child, and childlessness is on the rise too (Chapter 5).

Figure 2.1. Fertility in Korea has plummeted over the past half century and is now lower than in any other OECD country

Panel A. Total fertility rate, Korea and the OECD average, 1960 to 2018



Panel B. Total fertility rate, OECD and key partner countries, 2017



Note: The total fertility rate is defined as the average number of children born per woman over a lifetime given current age-specific fertility rates and assuming no female mortality during reproductive years. 2018 data for Korea are provisional.
Source: OECD Family Database, http://www.oecd.org/els/family/database.htm, and Statistics Korea, http://kosis.kr/eng/

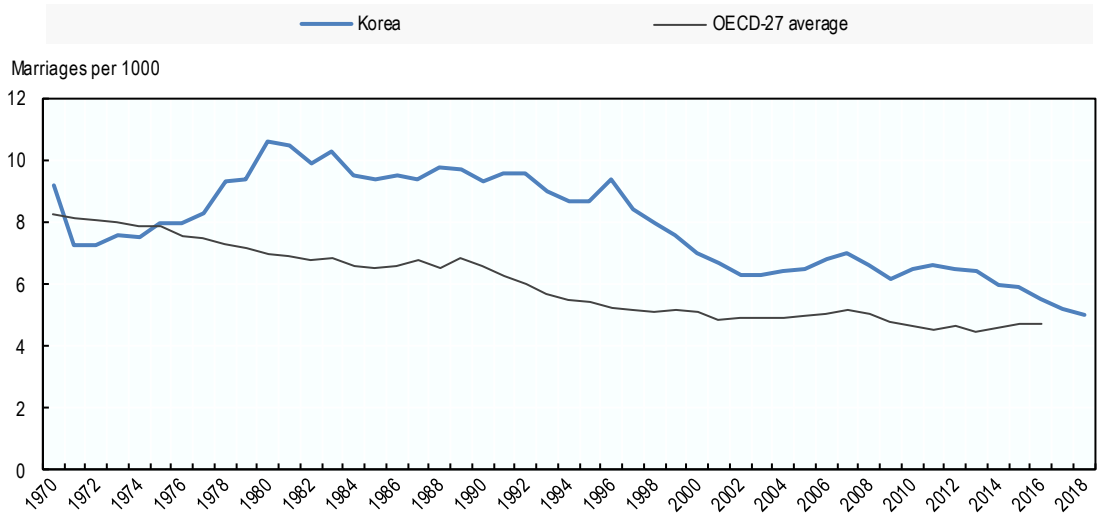
2.2.2. Declining marriage, increasing divorce, and few births to unmarried parents

As in most other OECD countries, Koreans are increasingly postponing marriage. The average age at first marriage for a man in Korea has risen by 5 years over the past two and a half decades, from 27.8 years in 1990 to 33.2 in 2018. The average age of women at first marriage has increased by very slightly more, from 24.8 years in 1990 to 30.4 years in 2018 (Statistics Korea, 2019[1]).

Together with shifts in the age distribution of the Korean population, the postponement of marriage is driving a sharp decline in the frequency of marriage (Figure 2.2). Korea's crude marriage rate – the number of marriages per 1000 people in the country – has more than halved since the early 1980s, falling from 10.6 marriages per 1000 in 1980 to 5.0 marriages per 1000 in 2018 (Figure 2.2). This is higher than the latest available OECD average (4.7 marriages per 1000), but only just (Figure 2.2). On current trends, Korea's crude marriage rate will likely fall below the OECD average in the next few years.

Figure 2.2. Korea's marriage rate has halved since 1980 and is now only slightly higher than the OECD average

Crude marriage rate, Korea and OECD average, 1970 to 2018



Note: The crude marriage rate is defined as the number of marriages per 1000 people. The OECD-27 average excludes Australia, Canada, Chile, France, Iceland, Israel, Mexico, Turkey and the United States. 2018 data for Korea are provisional.
Source: OECD Family Database, http://www.oecd.org/els/family/database.htm, and Statistics Korea, http://kosis.kr/eng/

At the same time, divorce is also more frequent now in Korea than in the past. In 1980, Korea's crude divorce rate stood at just 0.6 divorces per 1000 people – together with Portugal, the joint lowest divorce rate among OECD countries with available data (*OECD Family Database*). However, sharp increases through the 1990s and early 2000s saw the rate rise to a historic high of 3.4 divorces per 1000 in 2003. It has fallen back slightly since, but in 2018 still stood at 2.1 (*OECD Family Database;* Statistics Korea (2019[1]). This is lower than in several other OECD countries including Denmark, Finland and the United States, but higher than the latest OECD average (1.9 divorces per 1000).

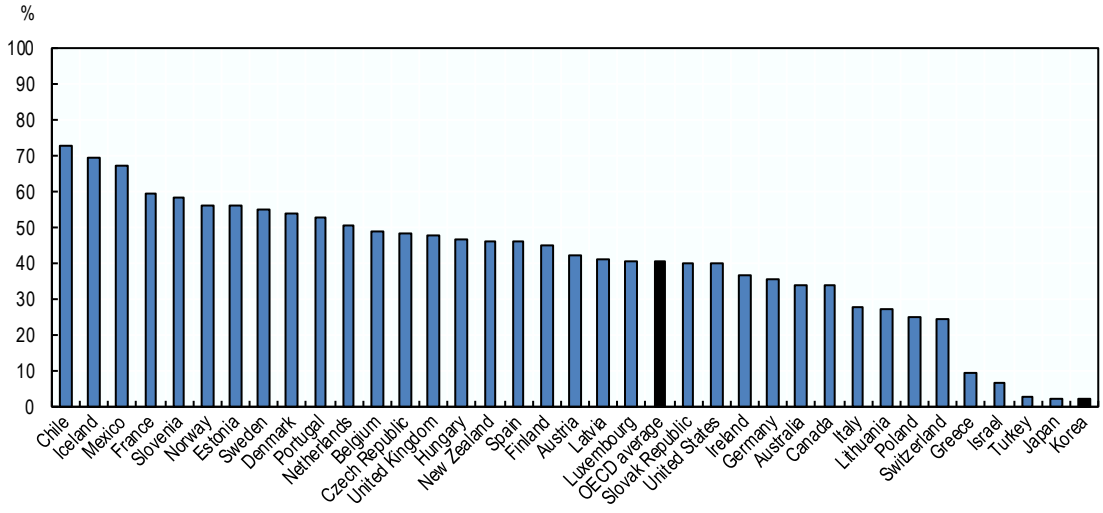
These trends are common across the OECD, but in many respects, they matter more in Korea. While in other OECD countries, declining marriage and increasing divorce rates have been accompanied by a sustained rise in births to unmarried parents, this is not the case in Korea. Strong and persistent social norms (see Section 2.3) mean that births outside of marriage remain extremely rare (Figure 2.3). Indeed, in 2016, just 1.9% of births in Korea concerned births to unmarried parents. This is less than one-twentieth

of the OECD average rate (40.3%), and has hardly changed over the past four decades (*OECD Family Database*). Only Japan and Turkey have comparable births-outside-marriage rates, with almost all other OECD countries now seeing at least one-in-four births arriving to unmarried parents (Figure 2.3).

The low number of births outside marriage is central to Korea's fertility decline (Chapter 5). In Korea, much more than in other OECD countries, delaying marriage also means delaying parenthood. In line with the rising age of women at first marriage, the average age of Korean mothers at first birth has risen by more than five years since the mid-1990s, from 26.5 years in 1995 to 31.9 years in 2018. This is more than half a year higher than any other OECD country (*OECD Family Database*). The average age of Korean mothers at *all* births now stands at almost 33 years of age. Notably, birth rates among *married* women in Korea have actually remained relatively stable in recent decades (Chapter 5). However, because many Koreans are marrying later or not at all, this pool of married couples is shrinking rapidly. Potential factors explaining the decline in marriage are discussed in Box 2.1, and other drivers of Korea's low fertility are explored in depth in Chapter 5.

Figure 2.3. Births to unmarried couples remain extremely uncommon in Korea

Share of births outside of marriage, OECD countries, 2016



Note: Births outside of marriage are defined as births where the mother's marital status at the time of birth is other than married. Data for Australia, Japan, Korea and New Zealand refer to ex-nuptial/out-of-wedlock births, that is, where the child's parents are not registered as married to each other (or, for New Zealand only, in a civil union with each other) at the time of the birth. For detailed notes, see the OECD Family Database (http://www.oecd.org/els/family/database.htm).
Source: OECD Family Database, http://www.oecd.org/els/family/database.htm.

Box 2.1. Social and economic factors driving the decline in marriage in Korea

In Korea, as in much of East Asia, marriage historically involved much more than just the formalisation of a relationship between two people. The term "marriage package" has been used to signify that, especially for women, marriage in Korea carried numerous intra-familial responsibilities and obligations that extended beyond what many in the West would consider as the immediate family unit. Once married, women were expected to prioritise children and family responsibilities. In many cases, they were perceived as chiefly responsible for children's educational success and, where necessary, elderly care for parents from both sides of the family (Bumpass, 2009[2]).

Despite the strength of marriage as a social institution, more and more young Koreans are postponing marriage (see above), or even forgoing it altogether. Part of the reason may be a change in attitudes – Western family values, which place much less emphasis on marriage as an obligation, have increasingly influenced young Koreans. However, it is likely that several social and economic factors are also playing a role, too:

- First, with increases educational attainment (Section 2.2.4), Korean women now have access to many more opportunities in the labour market. This has substantially increased the opportunity cost of marriage for many, making marriage less attractive than it once was. Moreover, where there is a preference for a partner with similar or high levels of education, Korean women's exceptionally high levels of education mean it is numerically difficult for many to find suitable partner.
- Second, many young people in Korea are struggling to establish themselves in the labour market and in the housing market (OECD, 2019[3]). A comparatively high share of young Koreans are not in employment, education or training (NEET; Chapter 1), and those who work all too often find themselves in precarious jobs, with low pay and little job and income security. This is a particular problem for family formation when it effects the male partner in a couple. In Korea, men are often still expected to arrange housing for the couple. Those with wealthy parents or well-paid jobs may consider buying, but most rely on renting, specifically "jeonse".
- Third, while cohabitation before marriage is now common in many Western countries, in Korea, it remains rare. Attitudes are slowly changing, however (Ahn and Im, 2004[4]). In 2018, around 56% of Koreans (and more than 70% of people in their 20s and 30s) stated that it is acceptable for unmarried partners to live together, up more than 13 percentage points on 2008 (Statistics Korea, 2018[5]).
- Fourth, the ways in which potential partners meet have changed, but have not properly replaced the role parents once played in arranging or facilitating marriage. In Western countries, many partners meet in or through their work. In Korea, however, long working hours and sex-segregated workplaces often prevent the Korean workplace from playing a similar role.

These factors, among others, combine to create an environment in which it is difficult for young people to meet and marry. Indeed, concern around the difficulties that many young people face in partnering has risen to such an extent that young Koreans today are often referred to as the "sampo generation" – a term, literally meaning "giving up on three", signifying that a cohort of young Koreans appear to have largely given up on dating, marrying and having children.

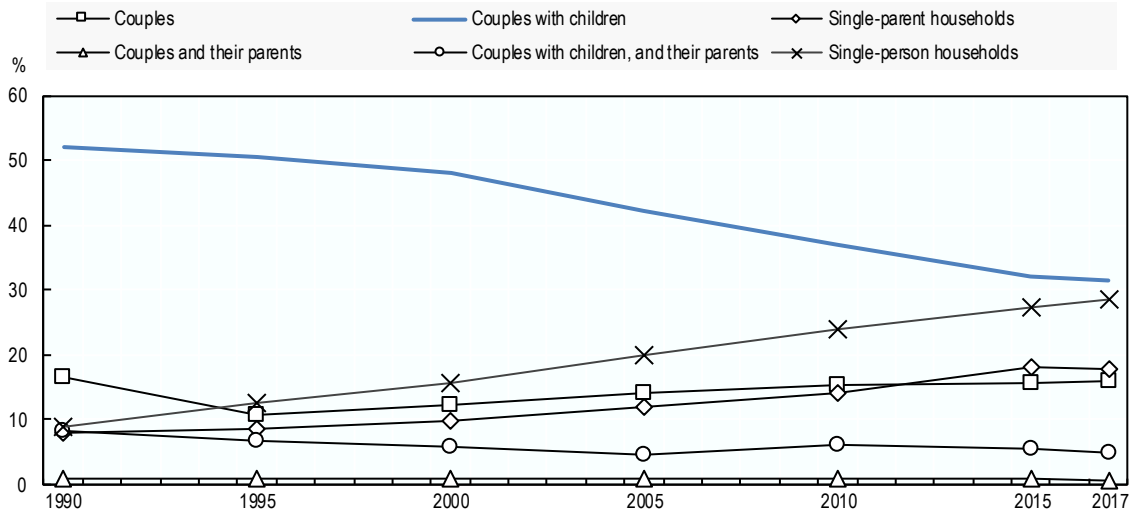
2.2.3. An ageing population and falling numbers of traditional couple-with-children households

Korea's shifting demographics and, in particular, persistently low birth rates will have a profound effect on the future structure of Korean society. Currently, Korea is one of the OECD's youngest countries, but over just the next couple of decades it will transform into one of its oldest. The median age of the Korean population is set to increase by ten years in the two decades to 2040, from an estimated 43.7 years in 2020, to a projected 53.4 years in 2040 (UN DESA, 2019[6]). Over the same period, the total size of the Korean population will shrink by about 1.5 million, from an estimated 51.3 million in 2020 to 49.8 million in 2040 (UN DESA, 2019[6]). The old-age dependency ratio – the number of people aged 65 and over per 100 working-age adults aged 20-64 – will more than double, from 23.6 in 2020 to 61.6 in 2040 (UN DESA, 2019[6]).

The changing shape of Korean society is already evident in the distribution of different family types. Even 20 years ago, most households in Korea were couple households with children, whereas today, they make up less than one-third of households (Figure 1.2). In their place, single-parent households and especially single-person households have become increasingly common. Data from the Korean census show that, in 1995, just under 13% of households were single-person households. In 2017, they made up just under 29%, and look set to overtake couple-with-children households as Korea's most common household type in the next few years (Figure 1.2). In the less-than-two decades since the turn of the century, the average size of a Korean household has fallen by 0.6 points, from roughly 3.2 people per household in 2000 to 2.6 people per household in 2017 (Statistics Korea, 2019[1]).

Figure 2.4. Couple-with-children households now make up less than one-third of Korean households

Distribution of households by household type, Korea, 1995-2017



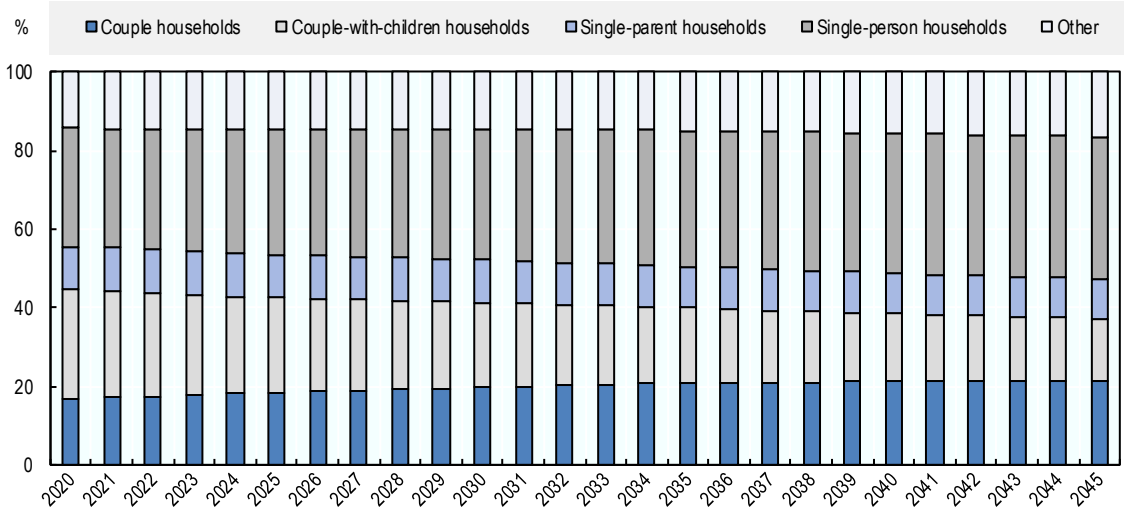
Source: Statistics Korea 2019, Population Census, http://kosis.kr/statisticsList/statisticsListIndex.do?menuId=M_01_01&vwcd=MT_ZTITLE&parmTabId=M_01_01#SelectStatsBoxDiv.

With continued population ageing these trends are only likely to continue over the coming decades. Projections by Statistics Korea suggest that by 2045, single-person households are likely to form well over one-third (36%) of all households in Korea (Figure 2.5). Over the same period, couple-with-children households are likely to decline to the extent that they make up only 16% of households, with couple

households *without* children expected to be the second most common household type, at around 21% (Figure 2.5). By 2045, the average size of a Korean household is likely to fall by a further 0.4 points, to 2.2 (Statistics Korea, 2019[1]).

Figure 2.5. More than one-third of Korean households will be single-person households by 2045

Projected distribution of households by household type, Korea, 2020-2045



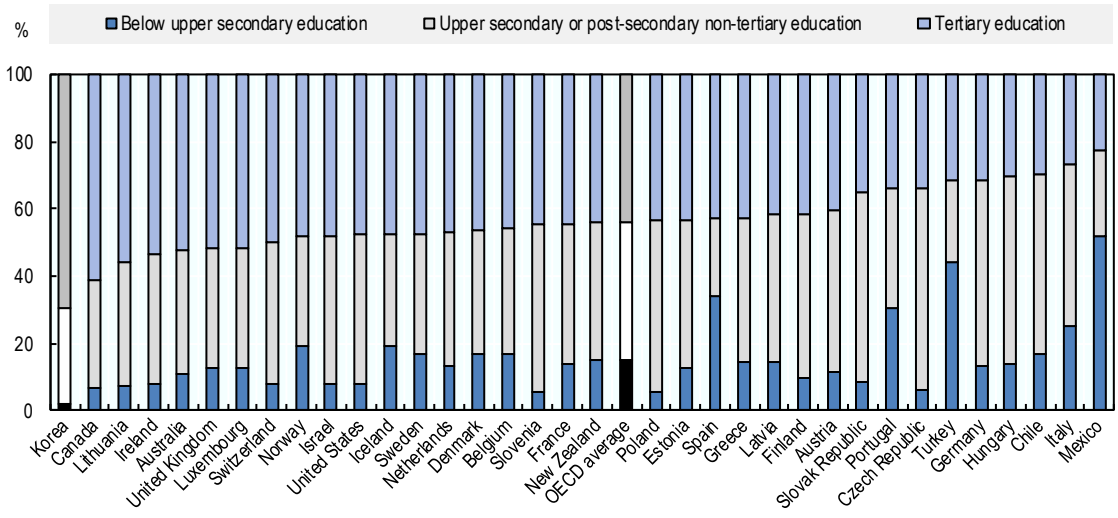
Note: "Other" includes couple households with parents, couple households with parents and children, grandparent(s) and grandchild(ren) households, adults living with their adult brothers, adult sisters, or other relatives, other one-, two- or three generation households, and non-relative multi-person households.
Source: Statistics Korea, Household Projections, http://kosis.kr/eng/.

2.2.4. Increasing educational attainment but stunted progress for women in the labour market

Korea has made remarkable strides in education over recent decades. Less than 20 years ago, the majority of Koreans left education with upper-secondary (high-school) level qualifications or below (*OECD Education Database*). Today, in contrast, the overwhelming majority progress to and graduate from tertiary (university) level education. Indeed, the share of young Koreans (25- to 34-year-olds) that have attained tertiary education has almost doubled since the turn of the century, rising from 36.8% in 2000 to 69.8% in 2017 (*OECD Education Database*). This is the highest share of young people with tertiary education in the OECD (Figure 2.6).

Figure 2.6. Young people in Korea are the most highly educated in the OECD

Distribution of young people by level of educational attainment, 25- to 34-year-olds, OECD countries, 2017



Note: Data for Chile refer to 2015.
Source: OECD Education Database, https://www.oecd.org/education/database.htm.

Progress in educational attainment has been particularly strong for women. 15-year-olds girls in Korea are some the best performers on the OECD's Programme for International Student Assessment (PISA) reading, mathematics and science tests (OECD, 2016[7]), and young Korean women are now the most likely in the OECD to graduate from university. As of 2017, fractionally under three-quarters (74.9%) of 25- to 34-year-old women in Korea had attained tertiary education (*OECD Education Database*). This is ten percentage points higher than the share among 25- to 34-year-old Korean men (65.1%), and almost 25 percentage points higher than the OECD average for 25- to 34-year-old women (50.7%), though as elsewhere in the OECD, Korean women are much less likely than Korean men to study the lucrative science, technology, engineering and mathematics (STEM) subjects. In 2017, just 26% of STEM graduates in Korea were women (*OECD Education Database*)

Korean women's gains in education have not yet been matched by similar progress in the labour market. Employment rates for Korean women have risen over the past few decades; in 2018, 57.2% of Korean women aged 15-64 were in paid employment, up 7 percentage points on 2000 (50.1%) and 13 percentage points on 1980 (44.6%) (*OECD Employment Database*). Yet, they remain far lower than employment rates for Korean men. In 2018, the gender employment gap among 15- to 64-year-old Korean men and women remained close to 20 percentage points, the fourth highest gap in the OECD and well above the OECD average of 11 percentage points (*OECD Employment Database*).

One issue in Korea is that women are still expected to leave paid work upon motherhood (see Chapters 3 and 5). Women's employment rates drop by over 10 percentage points between the ages of 25-29 and 35-39 (Figure 1.7 in Chapter 1), as women enter marriage or parenthood. Moreover, when Korean women return to work after becoming parents, they often struggle to progress in their careers. Korean women are disproportionately likely to find themselves in precarious non-regular employment, where wages are comparatively low, social security coverage is limited, and opportunities for moving up the career ladder are scarce (Chapter 3). Korea's long working hours, which are still among the longest in the OECD (*OECD Employment Database*), also place heavy demands on women workers that are difficult to tally with family responsibilities (Chapter 3).

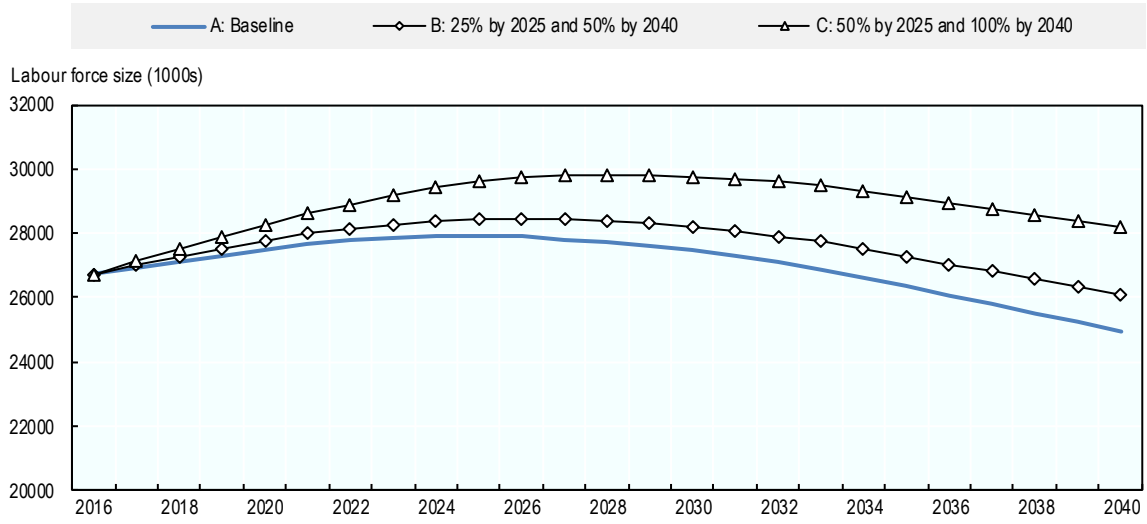
2.2.5. The looming decline in the size of the labour force

Korea's shifting demographics carries significant challenges, not least for the future of the Korean economy. All else equal, the shrinking and ageing of the Korean population will soon lead to a decline in the number of workers available on the labour market. OECD projections suggest that, on current trends, the total size of the Korean labour force is set to decline by about 2.5 million workers over the next couple of decades, from an estimated 27.5 million in 2020, to a projected 25.0 million in 2040 (Figure 2.7). This will have major implications for economic performance. The combination of a shrinking labour force and an ageing population will also put considerable pressure on public finances, as demand for government spending on health care and pensions grows while the available workforce declines.

However, the good news is that, in its highly educated female population, Korea has a skilled and currently under-used reserve of labour. OECD projections suggest the expected decline in the size of the Korea labour force over the next couple of decades could be more than offset by boosting women's labour force participation to the point where it matches men's participation by 2040 (Figure 2.7). Moreover, given that young Korean women are so exceptionally well qualified, bringing more women into the labour force would help boost employed levels of human capital, in turn, potentially driving productivity growth and improving economic performance.

Figure 2.7. Closing the gender participation gap could mitigate the looming decline in the size of the Korean labour force

Projected total labour force size (1000s) under different gender participation gap scenarios, 15- to 74-year-olds, Korea, 2016-2040



Notes:
A: Baseline: labour force participation rates of men and women (15-74) are estimated (by gender and five-year age groups) based on current (2007-16) rates of labour market entry and exit.
B: 25% by 2025 and 50% by 2040: male participation rates are held at the baseline; female participation rates are projected so that the gender participation gap within each five-year age group in 2012 falls by 25% by 2025, and 50% (i.e. is halved) by 2040.
C: 50% by 2025 and 100% by 2040: male participation rates are held at the baseline; female participation rates are projected so that the gender participation gap within each five-year age group in 2012 falls by 50% by 2025, and 100% (i.e. is fully closed) by 2040.
Source: OECD estimates based on OECD population data and the OECD Employment Database (http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm).

2.3. Changing attitudes

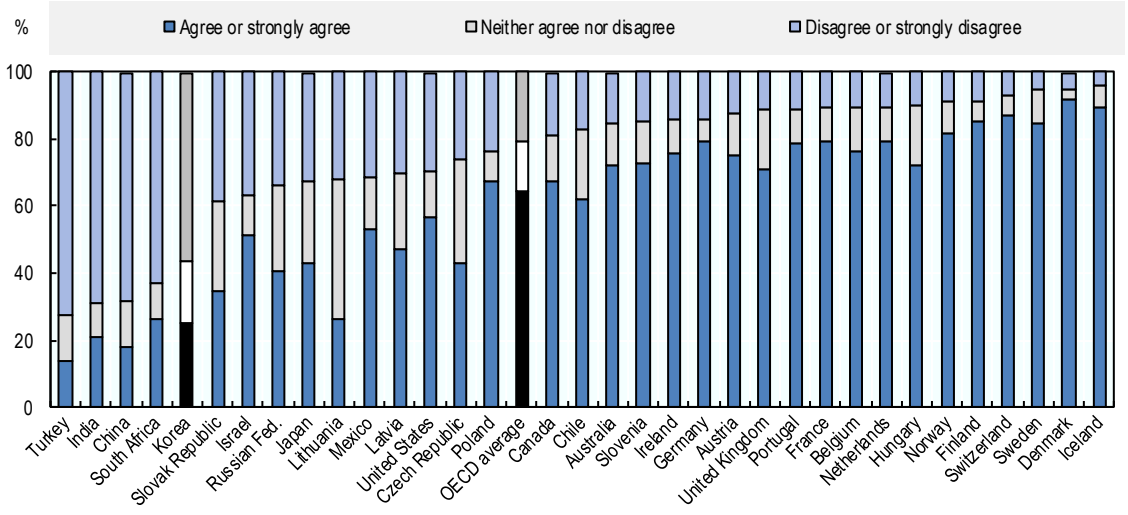
Across the OECD, developments in family structures and behaviours have been accompanied by changing norms, values, and attitudes towards marriage, parenthood, and gender roles. Cross-national time-series data on attitudes towards the family are unfortunately rare, but data from sources like the International Social Survey Programme (ISSP) – an international survey that runs a module on views on family and gender roles every ten years or so – helps illustrate how views have changed over time. For example, results from the ISSP show that opposition to unmarried couples having children has weakened over the last few of decades. Between 1994 and 2012, on average across the 14 OECD countries with data available for both years, the share that agree (or strongly agree) with the statement "*People who want children ought to get married*" has decreased just over 13 percentage points, from 58% to 45% (ISSP, 2019[8]). Views on men and women's roles within the family have shifted too. Over the same period and across the same 14 countries, the average share that agreed (or strongly agreed) that "*A man's job is to earn money; a woman's job is to look after the home and family*"' fell by one-third, from 31% in 1994 to 21% in 2012 (ISSP, 2019[8]).

Compared to populations in many other OECD countries, Koreans are still relatively likely to express traditional views on the family. Data from the 2012 wave of ISSP, show that Koreans are more likely than respondents in almost all other OECD countries to disagree with progressive statements such as "*It is all right for a couple to live together without intending to get married?*" (Figure 2.8). Comparatively high numbers also express traditional views on women's roles within the household – in 2012, 78% of Koreans agreed that "*A job is all right, but what most women really want is a home and children*", compared to 47% on average across OECD countries (ISSP, 2019[8]) – and on the impact of women's employment on the family. In 2012, just over 60% of Koreans agreed that "*All in all, family life suffers when the woman has a full-time job*", compared to 37% on average across OECD countries (ISSP, 2019[8]).

Yet, there are signs of changing attitudes in Korea. As outlined in the following sub-sections, time-series survey data from Korea suggest that Koreans today are placing much less weight on issues like marriage and parenthood than they were just a couple of decades ago. Increasingly, Koreans are seeing both as more of a choice and less of an obligation. There is also evidence of increasingly egalitarian attitudes towards the division of unpaid work within household. However, progress on attitudes towards women's work is mixed; while there is growing opposition to the male breadwinner family model, many Koreans continue to believe that men's jobs and careers should take precedence over women's.

Figure 2.8. Koreans are more likely to disapprove of unmarried couples living together than people in almost all other OECD countries

Distribution of responses to the question "*It is all right for a couple to live together without intending to get married?*", all ages, OECD and key partner countries, 2012



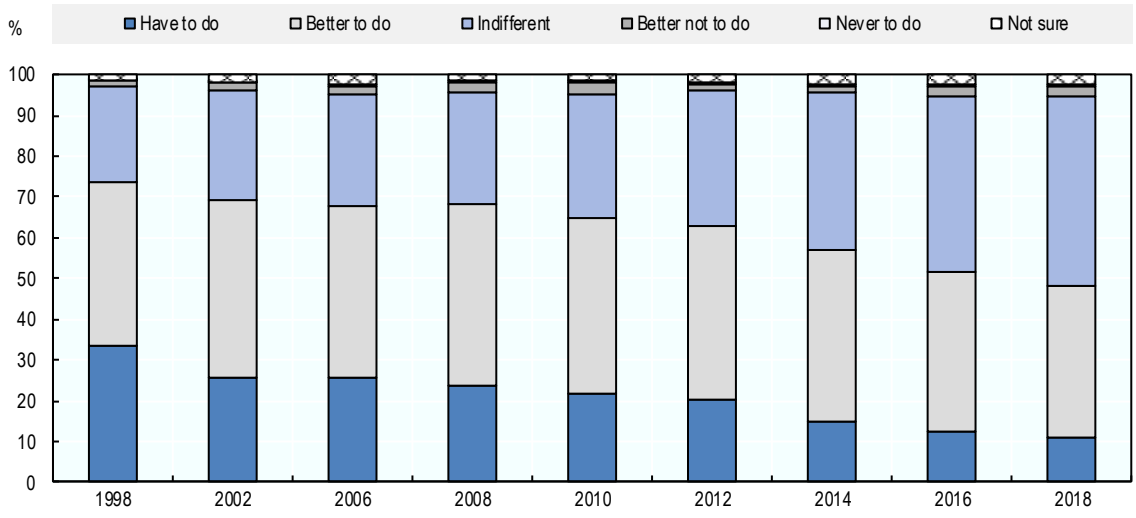
Note: Respondents who refused to answer or who answered "don't know" are excluded.
Source: OECD estimates based on the International Social Survey Programme (ISSP) 2012, http://w.issp.org/menu-top/home/

2.3.1. Declining weight placed on marriage

Marriage has a history as a strong social institution in Korea. Rooted in the Confucianist principles of different but mutual responsibilities and obligations, marriage and the family traditionally formed a firm cornerstone in Korean society. Even as recently 1998, one-third of Koreans believed that marriage is a “must do” – in other words, that marriage is an obligation (Figure 2.9). A further 40% expressed the slightly weaker view that marriage is something that is “better to do” (Figure 2.9). However, while marriage remains important for family life in Korea, there are signs that its centrality is weakening. In 2018, almost half of the Koreans expressed indifference towards marriage (Figure 2.9). Just over one-third still said it is something that is “better to do” (37%), but only a small minority (11%) considered it an obligation.

Figure 2.9. Fewer Koreans feel obliged to marry now than two decades ago

Distribution of responses to the question "*What do you think about marriage?*", total population, Korea, 1998-2018



Note: Population aged 15 and over between 1998-2006, and aged 13 and over from 2008.
Source: Korea Social Survey, Statistics Korea, http://kosis.kr/eng/

Younger Koreans and those with high levels of educational attainment are the least likely to view marriage as an obligation (Figure 1.3 in Chapter 1). According to data from the Korean Longitudinal Survey of Women and Families (KLOWF), in 2016, fewer than 40% of Korean women aged 19-29 agreed (or strongly agreed) with the statement "*marriage is a must-do for everyone,*" compared to almost 70% among women aged 50 or older (Figure 1.3 in Chapter 1). Similarly, fewer than half of Korean women with tertiary education agreed (or strongly agreed) that marriage is a "must-do" for everyone, compared to three-quarters of Korean women with only lower-secondary qualifications or below.

The declining belief in marriage as an obligation is having a real impact on Koreans' partnering behaviours. On top of the decline in actual marriage rates highlighted in Section 2.2.2, data from the KLOWF suggest that unmarried women in Korea are much less likely to express an explicit *intention* to marry now than they were even a decade ago. Between 2008 and 2016, the share of unmarried women in Korea stating that they intended to marry fell by 33 percentage points, from 77.1% to 43.9%. Over the same period, the share stating they had no intention to marry increased from 13.5% to 22.6%, while those that said they had simply "never thought about" marriage grew by 24 percentage points, from 9.4% to 33.5%. Again, the trend is clearest among young Koreans – in 2016, more than 40% of young (19- to 29-year-old) Korean women said they had never thought about marriage, roughly four times higher the share who said the same in 1998 (9.7%) (Korean Longitudinal Survey of Women and Families, each year[9]).

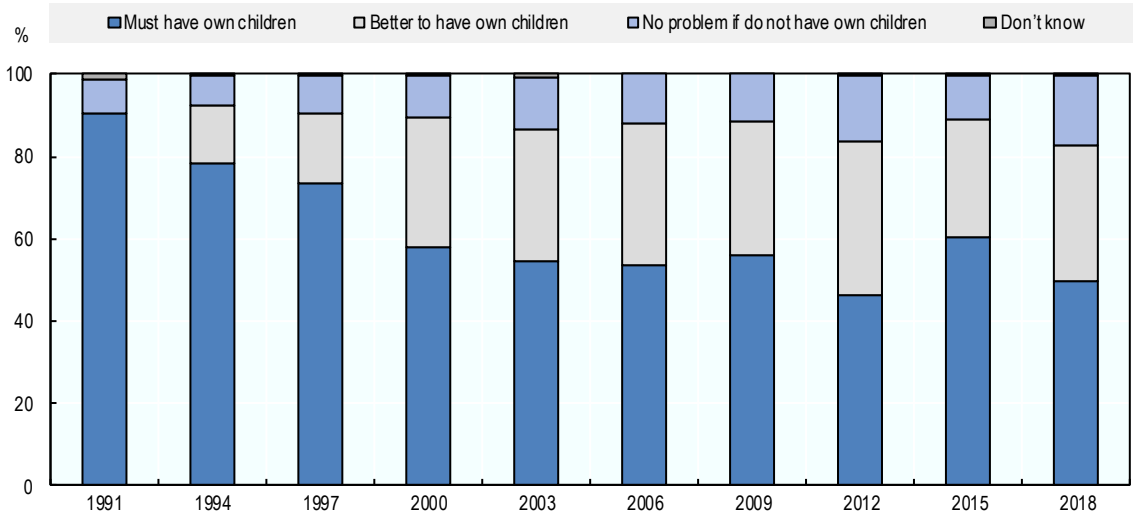
2.3.2. A shift towards parenthood as a choice, and away from elderly care as an obligation

Alongside changing norms and attitudes towards marriage, views around parenthood and family obligations have also changed in Korea in recent years. Increasingly, Koreans are seeing parenthood as a choice rather than an obligation – as something that they *would like* to do, rather than they *must* do (Figure 2.10). For example, according to data from the National Survey on Fertility, Family Health & Welfare in Korea, the share of married Korean women of parenting age who believe that they "must have" their own children has fallen by over a third since the mid-1990s, from just over three-quarters (78.4%) in 1994 to one-half (49.9%) in 2018. Over the same period, the share who express a slightly more moderate

view on the importance of having their own children (that it is something that is "better" to do) more than doubled, from 14.0% in 1994 to 32.8% in 2018. The share who think it is not a problem if they do not have their own children also increased, from 7.5% in 1994 to 16.9% in 2018.

Figure 2.10. Married women in Korea increasingly see parenthood as a choice, rather than an obligation

Distribution of responses to the question "*Do you think you have to have your own child(ren)*?", married women, Korea, 1991-2018

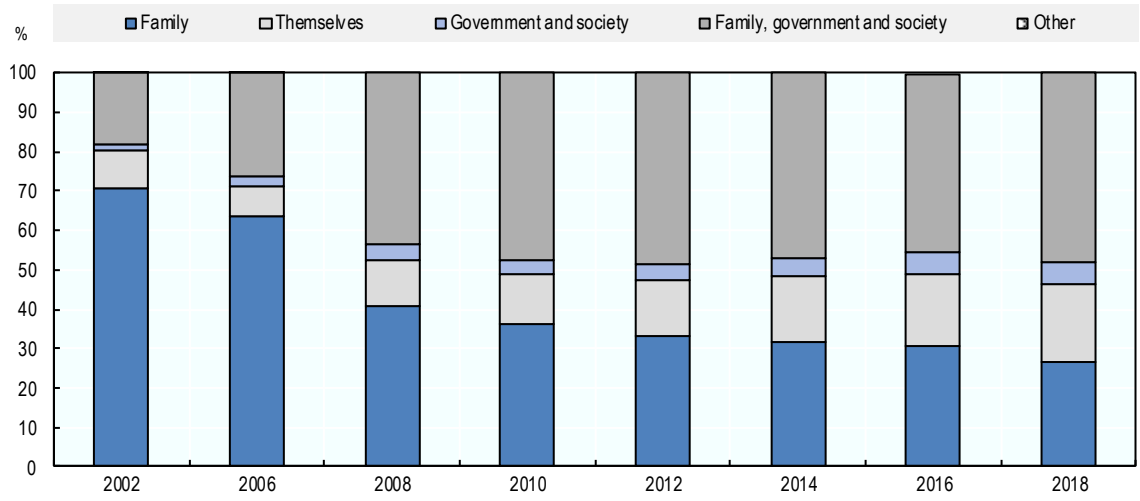


Note: Data for 1991, 2015 and 2018 cover married women aged 15-49. Data for 1994-2012 cover married women aged 15-44. In 1991, "Must have" and "Better to have" are combined. In 2012, husbands could answer on behalf of their wives if their wives were absent when the survey was conducted.
Source: National Survey on Fertility, Family Health & Welfare in Korea.

It is not just attitudes towards children and parenthood that are changing in Korea – those towards elderly parents are shifting too. More than in most other OECD countries, Korean society historically placed great weight on the role of the family in caring for elderly relatives. Indeed, as recently as the early 2000s, close to three-quarters (70.7%) of Korean adults believed that family should take full responsibility for the care of elderly parents (Figure 2.11). This has changed dramatically since then. By 2018, as few as just over one-quarter (26.7%) continued to believe that family should take full responsibility for elderly parents. In their place, increasing numbers believe that elderly parents should be self-sufficient (19.4% in 2018) and, more so, that family, the government and wider society should share the responsibility for elderly care (48.3%) (Figure 2.11).

Figure 2.11. Many Koreans no longer believe that family should take full responsibility for the care of elderly parents

Distribution of responses to the question "*Who do you think should mainly take care of your parents in their old age?*", total population, Korea, 2002-2018



Note: Population aged 15 and over between 1998-2006, and aged 13 and over from 2008.
Source: Statistics Korea, Korean Social Survey, http://kosis.kr/eng/.

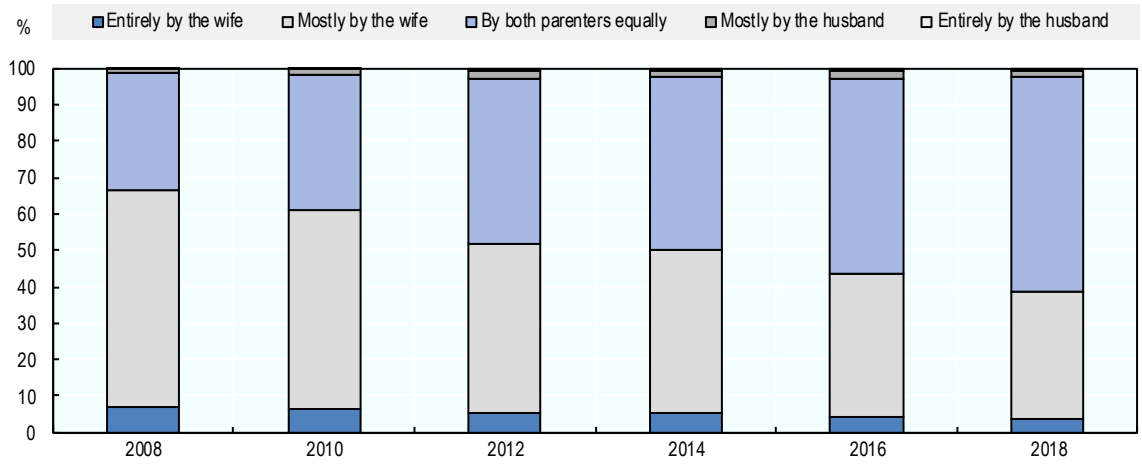
2.3.3. Increasingly progressive views on who should do the housework, but only a partial shift towards full acceptance of women in the labour market

Underneath changing attitudes towards the family, lie shifts in views on and perceptions of appropriate gender roles. As everywhere else in the OECD, women in Korea remain economically disadvantaged. They are less likely to be employed than men are and, when they do participate in paid work, they tend to earn much less than men too (see Chapter 3). Inside the home, Korean women continue to conduct the lion's share of unpaid work. Indeed, time-use data from 2014 show that, on average, Korean women still do close to three hours *more* unpaid work each day than Korean men do (Chapter 3).

Yet, also as elsewhere in the OECD, there is evidence to suggest that views on women's roles in society are changing in Korea. These shifts are clearest when looking at attitudes towards the gender distribution of unpaid work. According to data from the Korean Social Survey, even as recently as 2008, two-thirds of Koreans believed that unpaid work within an opposite-sex married couple should be done entirely (6.7%) or mostly (59.8%) by the wife (Figure 2.12). By 2018, this had fallen to not far over one-third (3.8% and 34.6%, respectively), with the majority of Koreans stating that both partners should share unpaid work equally (59.1%). Data from other surveys show similar results. For example, results from the 2016 wave of the KLOWF show that approximately 85% of women (aged 16-64) believe "D*ual-earning couples need to share housework equally* (Korean Longitudinal Survey of Women and Families, 2016[10]). Similarly, data from 2015 wave of the National Survey on Fertility, Family Health & Welfare in Korea suggest as many as 80% of married women (aged 15-49) and 88% of unmarried women (aged 20-44) agree (or strongly agree) that "*Men need to share housework with their wives more equally than they do now*." (Korea National Survey on Fertility, Family Health and Welfare, 2015[11]).

Figure 2.12. Koreans increasingly favour sharing housework equally

Distribution of responses to the question "*How do you think housework should be shared?*", total population, Korea, 2008-2018



Note: Population aged 13 and over.
Source: Statistics Korea, Korean Social Survey, http://kosis.kr/eng/

Not surprisingly, progressive views on the distribution of unpaid work are most common among younger Koreans. Data from the Korean Social Survey show that, in 2018, 82% 20- to 29-year-olds believed partners in a married couple should share unpaid work equally (Statistics Korea, 2018[5]). This is up from 53% in 2008. Levels are lower among older Koreans and those with lower educational attainment. However, there has been progress here too. For example, the share of Koreans aged 65 and over that believe married couples should share unpaid equally doubled between 2008 and 2018, from 21% to 42%. Similarly, over the same period, the share of Koreans with lower-secondary level education that believe that married couples should share unpaid equally increased from 40% to 60% (Statistics Korea, each year[12]).

The evidence on progress in attitudes towards women and paid work is mixed. On the one hand, some results suggest growing opposition to the traditional male breadwinner model. For instance, data from the 2018 wave of the National Survey on Fertility, Family Health & Welfare in Korea show that roughly 73.9% of married women (aged 15-49) and 90.5% of unmarried women (aged 20-44) disagree (or strongly disagree) with the statement "*A man's job is to earn money, and a woman's is to look after the family and home*" (Korea National Survey on Fertility, Family Health and Welfare, 2018[13]). Results from an equivalent question in various waves of the Korea Welfare Panel Study (KOWEPS), point in a similar direction with the numbers expressing a negative view of the male breadwinner model having grown considerably since 2007 (Korea Welfare Panel Study, 2016[14]).

However, considerable numbers of Koreans continue to believe that men's careers should take precedence over women's careers. In 2012, according to the National Survey on Fertility, Family Health & Welfare in Korea, more than one in five married Koreans aged 15-64 (21.5%) believed that women should be dismissed before men in an economic recession (Korea National Survey on Fertility, Family Health and Welfare, 2015[11]). In 2018, a little less than half (45.8%) of married women (aged 15-49) agree (or strongly agree) with the statement "*It is more important for a wife to help her husband develop his career development than to develop her own career*" (Korea National Survey on Fertility, Family Health and Welfare, 2018[13]). This is considerably lower than the share expressing the same view in 2012 (66.4%), so there are clear signs of progress, but those numbers remain very high. Large numbers of Koreans also continue to express negative views of women entering paid work while children are young. Data from the

2016 wave of the KLOWF show that 59% of women (aged 16-64) agree that "*A mother working while she has a pre-school age child will have a negative effect on the child*", down only two percentage points on 2007 (60.5%) (Korean Longitudinal Survey of Women and Families, 2016[10]).

2.4. Changing family supports

Family supports have become a core part of national social protection systems in OECD countries over recent decades. All OECD countries use public family benefits and services to provide support to families with children in at least some form, though the types and intensity of supports offered often differ considerably. Differences in countries' histories, their attitudes towards families, the role of government and the relative weight given to the various underlying family policy objectives all mean that each take their own approach to family support. Some OECD countries, most notably the Nordic countries, offer extensive, universalised systems that provide parents with a continuum of support from birth right through until when children leave school. In these countries, parents are offered generous paid leave when children are very young, leading to a place in subsidised day care, pre-school, and out-of-school-hours care services once children enter full-time education. Other countries (for example, the United Kingdom and United States) give a greater role to targeted benefits aimed at achieving specific objectives or directed at specific groups, such as single-parent families or families on low incomes.

In comparison to most OECD countries, family supports in Korea are a relatively recent development. Like many countries in East Asia, Korea historically emphasised the role of the family in providing care and social welfare services. The family was responsible for the well-being of family members, with the role of the government to step in only where the family could not. Thus, until recently, family benefits in Korea were minimal and limited largely to means-tested supports targeted only at the most disadvantaged families. Even as late as 2005, Korean public spending on family cash and in-kind benefits reached only roughly 0.25% of GDP – together with Turkey, the lowest in the OECD at the time, and less than a tenth of the outlay of the biggest spenders like Denmark and France (Figure 2.13,Panel A).

However, over the last decade or so Korea has transformed its approach to family benefits and its system of family support. Responding to concerns around its low birth rate and ageing population, since the mid-2000s, Korea has adopted a series of five-year action plans (the "Basic Plans on Low Fertility and Ageing Society") aimed at promoting fertility and making parenthood more compatible with paid work. Two Plans have been completed so far – the first (2006-10) concentrating largely on measures to help balance work and family life, most notably paid leave entitlements, and the second (2011-15) on extending subsidised early childhood education and care. A wide-ranging third Basic Plan – which is broader in orientation and looks to tackle societal and cultural drivers of low fertility, in addition to economic drivers like childcare costs, education costs and housing costs – was initiated in 2016, while a bridging roadmap was announced at the end of 2018 (Chapter 1).

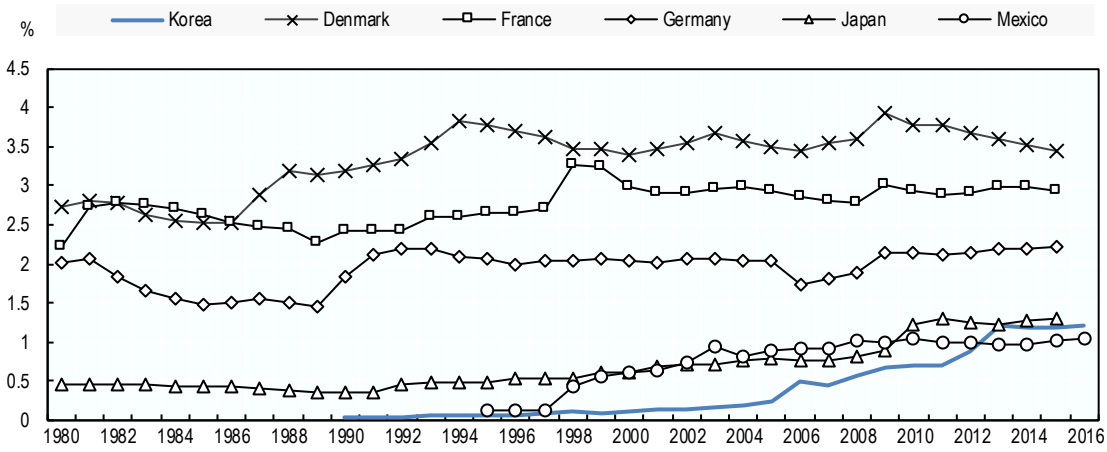
The reforms introduced through Korea's Basic Plans have produced a system of family support that in several respects compares favourably to many other OECD countries. Public expenditure on families has grown more than tenfold since the early 2000s, and now sits at a level comparable to countries such as Japan and Portugal (Figure 2.13). Public childcare support in particular is comparatively generous. All children under school-age are now covered by an extensive system of financial supports, producing some of the lowest out-of-pocket childcare costs in the OECD (Chapter 4). The paid leave system is theoretically extensive, and together with Japan, features the longest individual entitlement to fathers' leave in the OECD. However, many fathers are not eligible, and after the first three months, payment rates are not high and take-up remains low (Chapter 3). Cash benefits and other measures to support families' living standards are less developed – presently, Korean families rely largely on a patchwork of financial supports delivered through the tax system or by local governments. The introduction in 2018 of a new child allowance for young children – as well as the expansion in 2019 of the refundable earned-income and child

care tax credits – go some way towards addressing this gap, though there is still more to be done (see Section 2.4.1).

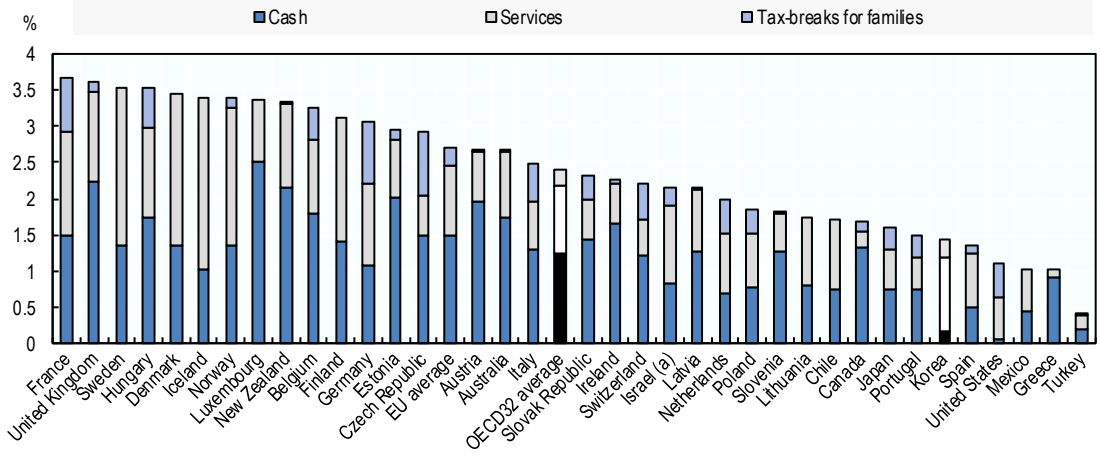
Chapters 3 and 4 of this report discuss and assess the development of Korea's parental leave and childcare systems, respectively. The remainder of this chapter concentrates on the development of Korea's system of cash benefits and financial supports for families.

Figure 2.13. Public spending on families has grown rapidly in Korea over the past decade and a half

Panel A. Public expenditure on family cash and in-kind benefits, as % of GDP, Korea and selected OECD countries, 1980 to 2016



Panel B. Public expenditure on family cash and in-kind benefits and tax breaks for families, as % of GDP, OECD countries, 2015



Note: Public spending accounted for here concerns public support that is exclusively for families (e.g. child payments and allowances, parental leave benefits and childcare support), only. Spending in other social policy areas such as health and housing support also assists families, but not exclusively, and is not included here. The data in Panel A cover public expenditure on family cash and in-kind benefits only, and do not include spending on tax breaks for families. Data for the Netherlands and New Zealand refer to 2011, and for Poland to 2014. For Lithuania, data on tax breaks towards families are not available. The OECD-32 average excludes Lithuania, the Netherlands, New Zealand, and Poland.
Source: OECD Family Database, http://www.oecd.org/els/family/database.htm

2.4.1. Changing financial supports for families

Cash transfers and other measures to provide financial assistance to families represent a major pillar of the national family policy packages in most OECD countries. All OECD countries provide financial support to families in one form or another, though the design and means of delivery are diverse. Depending on the country, these supports are used to pursue a variety of different objectives, ranging from boosting birth rates to reducing child poverty and promoting child well-being. However, in all cases, the broad aim is to increase families' standards of living and support families with the costs of raising children.

Financial supports for families can be separated into two main types. First, are family-related cash benefits, most often taking the form of child allowances (also known as child benefits or family allowances). Almost all OECD countries provide at least some kind of family or child allowance through a cash transfer targeted at children or families with children (*OECD Family Database*). These allowances often sit at the centre of the national family support package, and in many cases represent a major expenditure item – indeed, on average, in 2015, OECD countries spent roughly 0.7% of GDP on family or child allowances (*OECD Social Expenditure Database*), equivalent to more than one-third of all public expenditure on families (not including expenditure on tax breaks). Rules regarding the exact amounts provided vary widely, with payments frequently increasing or decreasing with both the age of the eligible child and the size of the family in which the child lives. In roughly half of OECD countries, child allowances are means-tested with eligibility restricted to children living in families with incomes under a certain threshold, and several benefits are reduced as household income increases (*OECD Family Database*).

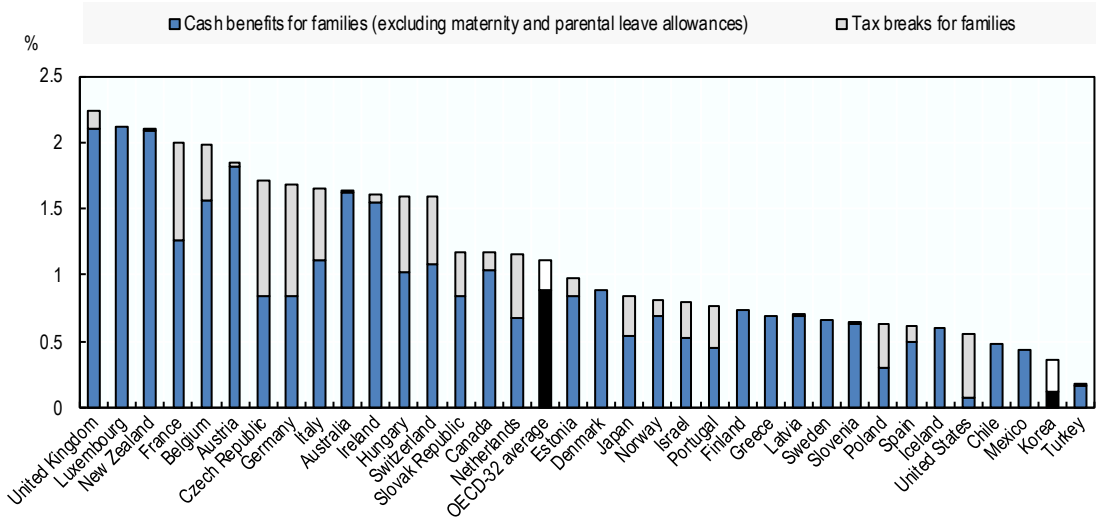
The second main type is tax-based financial support for families. Over three-quarters of OECD countries provide some kind of family-related financial support through the tax system. Most often this concerns a child tax allowance (e.g. Austria, Belgium, Hungary, Slovenia, Switzerland) that is deducted from gross taxable income, or child tax credits (e.g. Finland, Germany, Italy, Poland, Portugal, the Slovak Republic, the United Kingdom, the United States) that reduce the final income tax liability (*OECD Family Database*). In many countries, the amounts directed through tax breaks for families are relatively small in comparison to the amount spent on family cash benefits (Figure 2.14). However, in France, Hungary, and Italy more than 0.5% of GDP is provided to working families through tax breaks and tax credits. In Germany and the Czech Republic, public spending on tax breaks for families reaches not far off 1% of GDP (Figure 2.14).

Historically, in comparison to other OECD countries, Korea has provided relatively little in the way of cash supports for families. As recently as 2015, excluding maternity, paternity and parental leave, Korea spent only 0.36% of GDP on family financial supports through cash benefits and tax breaks. This was the smallest share of GDP spent by any OECD country other than Turkey. To a greater extent than in most OECD countries, Korean families have historically relied on market earnings for their income, supported at times by a patchwork of relatively small financial supports delivered through the tax system (see below) or by local governments (see Box 2.2).

However, Korea is taking steps to expand and improve its package of family cash supports. Over the last decade or so, Korea has introduced several new child- or family-related tax breaks and supports with the aim of providing financial assistance to families with children. These range from a standard child tax allowance providing a deduction on gross taxable income, to a per-child non-refundable tax credit for all taxpayers and a per-child refundable tax credit for low-income families. More recently, in September 2018, the Korean government introduced a nationwide cash child allowance for the first time. In comparative terms, these measures are fairly modest and small in scale, with the amounts provided relatively low compared to some equivalent measures in other OECD countries (see below). Nonetheless, these are movements in the right direction.

Figure 2.14. Korea spends very little on cash and tax supports for families

Public expenditure on cash benefits for families (excluding maternity and parental leave allowances) and tax breaks for families, as a % of GDP, OECD countries, 2015



Note: Public spending accounted for here concerns public support that is exclusively for families (e.g. child and family cash benefits and tax credits), only. Spending in other social policy areas such as health and housing support also assists families, but not exclusively, and is not included here. Data for the Netherlands and New Zealand refer to 2011, and for Poland to 2014. For Switzerland, data on tax breaks for families are estimated by the OECD Social Expenditure Database national correspondent. The OECD-32 average exclude Lithuania, the Netherlands, New Zealand, and Poland.

Source: OECD Family Database Indicator PF1.1, http://www.oecd.org/els/family/database.htm, and OECD Social Expenditure Database, http://www.oecd.org/social/expenditure.htm.

Child tax allowance

In Korea as in many other OECD countries, all taxpayers are entitled to receive a flat-rate child tax allowance for dependent children that can be deducted from gross taxable income. In 2018, the amount of the deduction was KRW 1 500 000 (USD 1364) per child per year – equivalent to roughly 3.2% of the 2018 average full-time wage (AW)[1] – and was available for each and every dependent child aged 0-20 as long as their own taxable income was less than KRW 1 000 000 (USD 909).

Tax credit for children and tax credit for education expenses

In 2014, the Korean government introduced a new *tax credit for children* – a non-refundable tax credit, to be deducted from the final tax bill, for taxpayers with dependent children aged 0-20. The tax credit is paid per child, with amounts that vary with family size – higher payments are available from the third child on. In 2015, the tax credit was expanded to include a small non-refundable supplement for families with at least two children aged 0-6 years, and a new bonus payment for any births or adoptions occurring in the relevant tax year, although this has since been abolished following the introduction in 2018 of the new child allowance (see below). In 2018, the tax credit for children was worth KRW 150 000 (USD 136) per child per year for the first and second child and KRW 300 000 (USD 273) per child per year from the third child on. For a family with two children aged 2 and 3, the tax credit is worth KRW 300 000 (USD 273) per year – equivalent to roughly 0.6% of the 2018 AW.

On top of the tax credit for children, families with children can claim an additional non-refundable credit, the *tax credit for education expenses,* for child-related education spending. The credit can be claimed for education-related expenses such as tuition fees, out-of-school-hours education and care fees, school

meals, textbooks, field trips and school uniforms. For young children not yet attending primary school (0-7 year-olds), the credit can also be used for fees paid to childcare facilities, kindergarten and other private education institutions. The credit covers 15% of family expenditure on education expenses, up to a maximum of KRW 3 000 000 (USD 2727), for each child aged 0-17 (the threshold is higher for older children attending higher education). The maximum that can be claimed per child is KRW 450 000 (USD 409) per year, equivalent to just under 1% of the 2018 AW.

Box 2.2. Financial supports provided by local governments in 2019

In addition to financial supports provided by the national government, some local governments in Korea also provide financial assistance to families with children, most frequently through birth grants, child allowances, and local tax breaks for families with new-born children. For example, all local governments in Seoul provide birth grants, with amounts that vary widely from KRW 100 000 (USD 91) to KRW 5 000 000 (USD 4 545) according to birth order. Similarly, each local government in Gyeonggi Province provides local birth grants ranging from KRW 50 000 (USD 45) for a first child to KRW 20 000 000 (USD 18 182) for a fifth child. Some local governments also provide childcare allowances to families with children. For example, Gangwon Province provides an allowance worth KRW 300 000 (USD 273) per month for up to four years. Often, birth grants are most generous in areas where birth rates are lowest and populations are ageing most rapidly. For example, Moongyung-shi in Gyungnam Province has a birth-grant worth KRW 3 400 000 (USD 3 091) for the first child and KRW 30 000 000 (USD 27 273) from the fourth child on. Boryung-shi in Chungnam Province provides grants worth KRW 1 000 000 (USD 909) for the first child up to KRW 30 000 000 (USD 27 273) for the fifth child.

Earned-income tax credit and child care tax credit

In addition to the child tax allowance and the tax credit for children, the Korean government also provides the *earned-income tax credit* – a refundable/non-wastable means-tested in-work tax credit targeted at low-income households. When first introduced in 2008, the credit was available only to poor households with children, though in 2011, eligibility was widened to some other household types, such as couples without children and single people aged 30 or over. The credit is means-tested on both income and assets, with eligibility thresholds that vary according to household type. In 2018, the annual income thresholds ranged from KRW 13 000 000 (USD 11 818, or about 27.5% of the 2018 AW) for a single-person household to KRW 25 000 000 (USD 22 727, or about 52.8% of the 2018 AW) for a dual-earner household, with the asset value threshold set at KRW 140 000 000 (USD 127 273). The actual amounts paid by the earned-income tax credit are tapered with income, and also vary by household type. In 2018, the maximum amounts available were KRW 850 000 (USD 773, or 1.8% of the 2018 AW) per year for a single-person household, and KRW 2 500 000 per year (USD 2 273, or 5.3% of the 2018 AW) for a dual-earner household (National Tax Service, 2019[15]). In 2017, just under 1 700 000 households received the earned-income tax credit (National Tax Statistics, 2018[16]).

Importantly, parameter adjustments in 2019 will see the reach and scope of the earned-income tax credit expand considerably. The general structure of the tax credit will remain the same. However, the earnings thresholds on the means test will increase by roughly 50%, to 20 000 000 (USD 18 182, or 42.2% of the 2018 AW) for a single person household, and to KRW 36 000 000 (USD 32 727, or 76.0% of the 2018 AW) for a dual-earner household. The payment ceiling will also increase considerably: the cap for a single-person household will be set at KRW 1 500 000 (USD 1 364, or 3.2% of the 2018 AW) per year, and for a dual-earner household at KRW 3 000 000 (USD 2 727, or 6.3% of the 2018 AW) per year. These adjustments will help expand the number of families eligible for the earned-income tax credit, and will increase its value for many families too.

On top of this main earned-income tax credit, in 2015 the Korean government introduced a second refundable tax credit, the *child care tax credit*, for low-income households with dependent children. Similar to the main earned-income tax credit, the child care tax credit is means-tested on both income and assets: in 2018, the annual income threshold was KRW 40 000 000 (USD 36 364, or about 84.5% of the 2018 AW), and the asset value threshold was KRW 200 000 000 (USD 181 818). The amount paid also varies with income and household type, with the credit tapered up to a maximum of KRW 500 000 (USD 455) per child per year – roughly 1.1% of the 2018 AW – rising to KRW 700 000 (USD 636) in 2019. In 2017, the child care tax credit was claimed by about 900 000 households (National Tax Statistics, 2018[16]).

The new child allowance

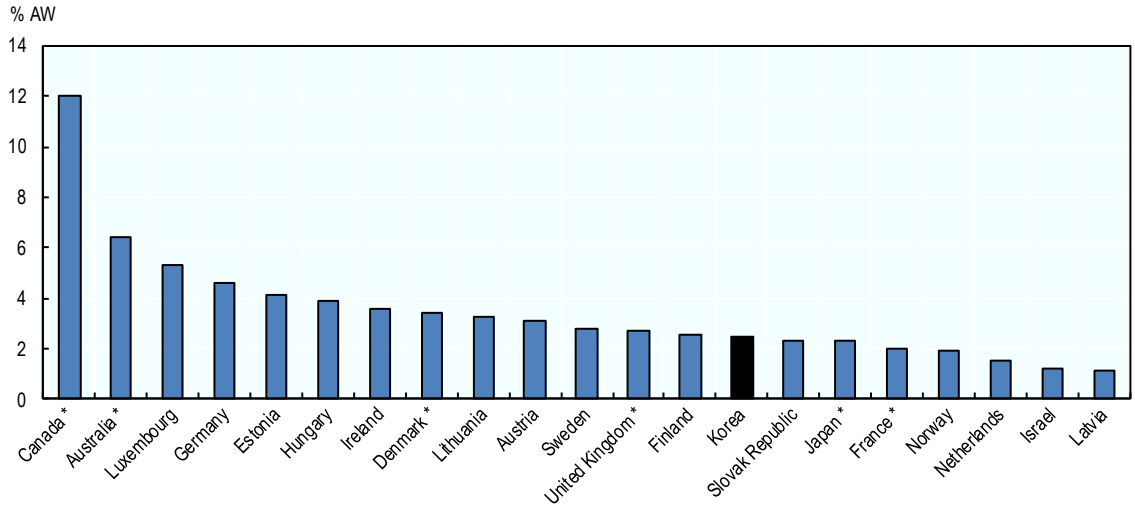
In light of previously being one of the few OECD countries without some form of national child or family allowance cash transfer scheme and with a view to reducing the costs of raising children and increasing families' standards of living, in September 2018, the Korean government introduced a new cash child allowance for families with young children. Korea had previously discussed the possibility of introducing a child allowance for several years, especially after the establishment of the first Basic Plan in the early-2000s. Concerns around the costs of a new allowance led to delays and the rejection of several bills during the first half of the 2010s. However, following the election of President Moon JaeIn in May 2017, the government initiated the implementation of a new child allowance.

Korea's new child allowance provides a monthly cash benefit paid at a flat-rate of KRW 100 000 (USD 91) per child per month, or about 2.5% of the 2018 AW. When first introduced in 2018, the allowance was means-tested, with households on incomes at or above the 90th percentile of the income distribution not eligible. However, this means test was abolished in January 2019. Eligibility is currently restricted to children aged 0-6, only. This is a much smaller age range than in most other OECD countries, where child or family allowances are often available up until children reach 16 or 18 years of age – and sometimes later, for those still in education (*OECD Family Database*).

In comparison to the child allowances available in other OECD countries, Korea's new allowance is moderate in its generosity (Figure 2.15). Its 2.5% gross payment rate is lower than in some OECD countries, such as Germany, where the main child allowance (*Kindergeld*) is worth 4.6% of the 2018 AW, or Canada, where Canada's Child Benefit is worth up to 12% of the 2018 AW, depending on household income. However, the payment rate is about the same as the main child allowances in Finland, Sweden and the United Kingdom, and higher than the main allowances in countries like France, Japan, the Netherlands and Norway.

Figure 2.15. Korea's new child allowance is moderate in comparison to other OECD countries

Gross payment rates for main child allowances, eldest child in two-child couple family, age 5, as a % of national average full-time earnings (AW), selected OECD countries, 2018



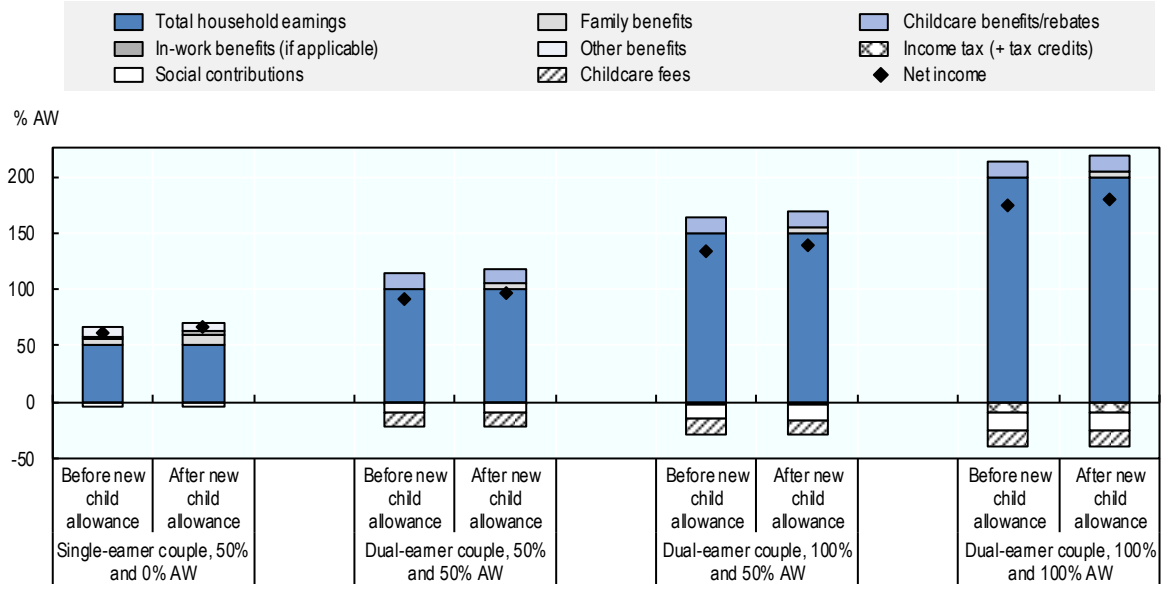
Note: Data refers to the value of the main/primary child/family allowance/child benefit in the given country, expressed as a% of national average earnings for full-time, full-year workers, before the payment of any taxes/social contributions or the effects on any other benefits are taken into account (AW). Payment rates sometimes vary with age of the eligible child and the size and status of the family in which the child lives. The data shown assume the relevant child is age 5 and is the eldest child in two-child, two-parent family. Where eligibility for the main child/family allowance/child benefit is subject to a means test, it is assumed that the family pass this test and remain eligible for the (full) benefit. An * marks countries where payments are subject to a mean-test.
Source: OECD estimates based on information from the OECD Family Database, http://www.oecd.org/els/family/database.htm, and OECD Tax-Benefit Models, http://www.oecd.org/social/benefits-and-wages.htm

Estimates produced using the OECD's tax-benefit models (Box 2.3) suggest Korean's new child allowance will have a positive if modest effect on net family income (Figure 2.16). Lower-earning families gain the most, especially in relative terms. For example, for a single-earner couple family with two children (age 2 and 3) earning 50% of the 2018 AW, the new allowance leads to an increase in net family income of KRW 2 400 000 (USD 2 182) or 5.1% of the 2018 AW wage (Figure 2.16) – exactly the cash value of the new child allowance for two children. This is equivalent to a boost in net family income of 8.3% relative to the situation before the introduction of the new allowance.

Higher-earning families gain less from the new child allowance, both in absolute and in relative terms (Figure 2.16). For example, for a dual-earner two-child family earning 100% + 50% of the 2018 AW, the new allowance leads to an increase in net family income of KRW 2 235 000 (USD 2 032) or about 4.7% of the 2018 AW. This is because the increase in gross income provided by the new allowance is slightly offset by the loss of the small supplementary child tax credit previously available only to higher earning families (see above).[2] The net effect for this family type is a 3.5% boost in net income relative to the situation before the introduction of the new allowance.

Figure 2.16. Korea's new child allowance provides a modest income boost for families with young children, especially for those on low incomes

Net household income for a couple family with two children aged 2 and 3, by earnings level, by income/expenditure source, before and after accounting for Korea's new child allowance, as a % of average full-time earnings (AW), Korea, 2018



Note: Data refer to net household income for a couple family with two children (aged 2 and 3), decomposed by income/expenditure source, before and after accounting for the abolition of the supplementary child tax credit and the introduction of Korea's new child allowance using the parameters in place as of January 2019. With the exception of the single-earner couple, both children are assumed to attend centre-based childcare full-time, defined as care for at least 40 hours per week. All parents are assumed to work full-time earning the mentioned percentage of national average full-time earnings, except for the single-earner couple, where only one parent works full-time earning 50% of average full-time earnings. Average full-time earnings/the average full-time wage (AW) refers to the average gross wage earnings paid to full-time, full-year workers, before deductions of any kind (e.g. withholding tax, income tax, private or social security contributions and union dues). See Box 2.3, Box 2.4 and the OECD Tax and Benefit Systems website (http://www.oecd.org/social/benefits-and-wages/) for more detail on the methods and assumptions used and information on the policies modelled for each country.
Source: OECD estimates based on the OECD Tax-Benefit Models, http://www.oecd.org/social/benefits-and-wages.htm

Box 2.3. What are the OECD Tax-Benefit models?

The OECD tax-benefit models calculate tax burdens, benefit entitlements and net incomes for a range of different labour market and household situations. They simulate assessments of different families' tax liabilities and benefit entitlements using a detailed representation of relevant policy rules and parameters (including tax rates, benefit eligibility criteria, and any rules determining the interaction of relevant policy areas, such as whether some benefits are taxable or not). On the tax side, simulated payments include income taxes and mandatory contributions to public or private social insurance schemes. On the benefit side, calculations account for all cash transfers that are typically available to able-bodied working-age individuals and their families: unemployment benefits, social assistance, housing benefits for rented accommodation, other minimum-income benefits, family benefits, and in-work transfers.

The tax-benefit models are regularly used to produce a range of indicators for policy monitoring and analysis. They include work-incentive measures (e.g. marginal effective tax rates) and indicators of income adequacy (e.g. the net income of benefit recipients or low-wage workers relative to commonly used poverty thresholds). Further information on the OECD's tax-benefit models can be found on the OECD Tax and Benefit Systems website (http://www.oecd.org/social/benefits-and-wages.htm).

2.4.2. The current tax-benefit position of families in Korea

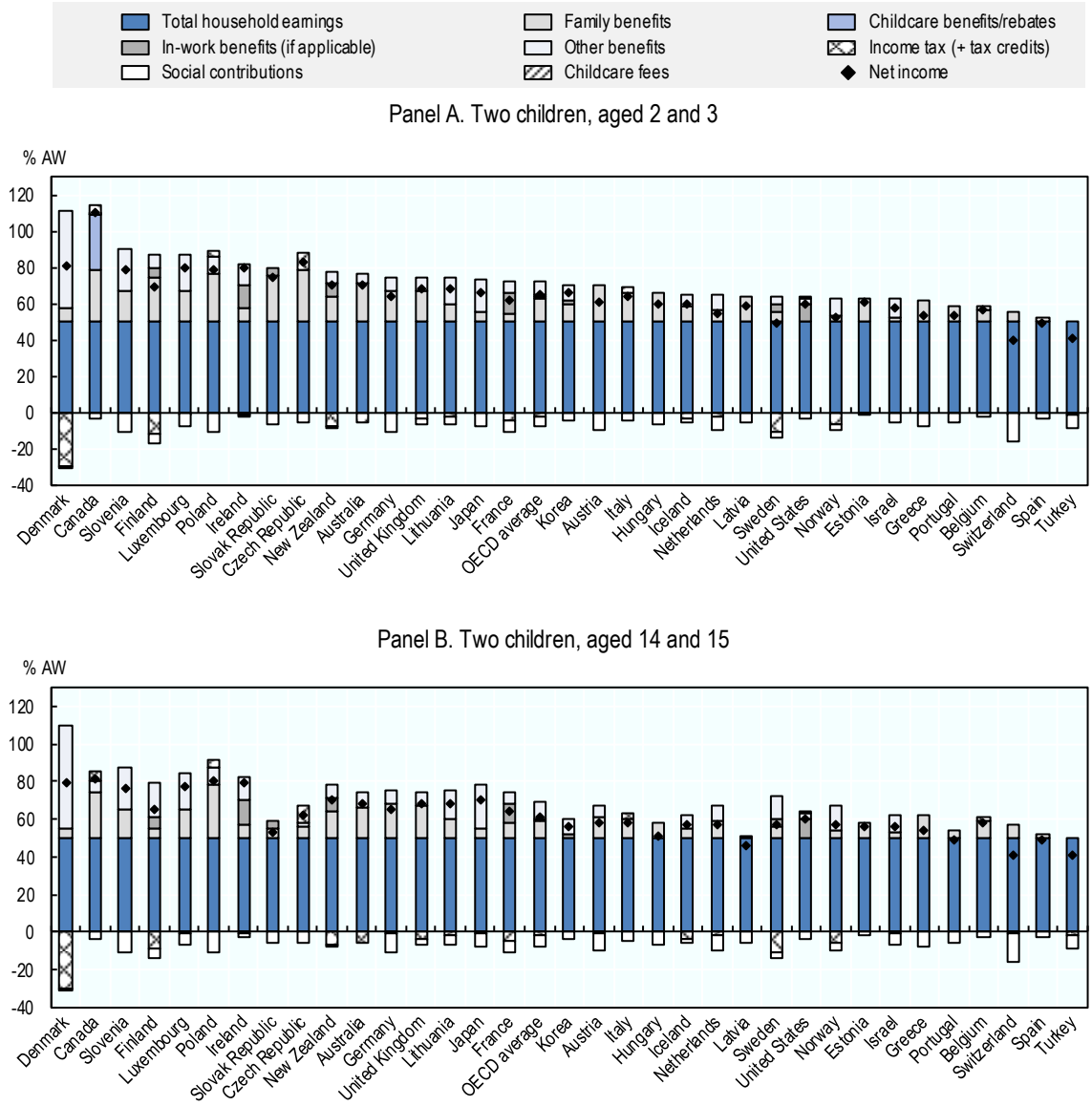
In comparison to many other OECD countries, Korea continues to operate a relatively low-tax/low-benefit approach to tax and benefit policies, with families both paying out little in income tax and social contributions, and receiving relatively little in social cash benefits (Figure 2.17).

On the one hand, Korean families often pay very little in the way of income tax or social contributions, especially when they are low earners. For example, in Korea, the total tax bill (including both income tax and social contributions) for a single-earner couple with two children (age 2 and 3) on 50% of the 2018 AW (about KRW 24 000 000) comes to only around 8% of the family's gross market income (roughly KRW 2 000 000). This is around or less than half the bill faced by an otherwise similar family in countries like France, Germany, Japan, Norway, the Netherlands and Sweden. It is almost one-tenth of the bill faced by a similar family in Denmark (Figure 2.17, Panel A).

At the same time, however, Korean families tend to receive relatively little in social benefits, even when they are low earners. This remains the case despite the introduction of the various family-related cash and tax supports outlined in the previous section. Families with older children receive particularly few benefits, in part because they are not eligible for the new child allowance. For example, a single-earner family with two children aged 14 and 15 on 50% of the 2018 AW (about KRW 24 000 000) receives benefits worth roughly only 10% of the 2018 AW (Figure 2.17, Panel B). This is made up of child care tax credit payments worth just under 2% of the 2018 AW (KRW 940 000), plus housing benefit payments. Despite being only low, this family's income is too high to qualify for the earned-income tax credit at the 2018 thresholds, and the children are too old to be eligible for the child allowance.

Figure 2.17. Low-income families in Korea receive only a comparatively small share of their income through public cash benefits, especially when children are older

Net household income for a single-earner couple family with two children and one parent earning 50% of average full-time earnings, by child age, by income/expenditure source, as a % of average full-time earnings, OECD countries, 2018



Note: Data refer to net household income for a single-earner two-parent family with two children, decomposed by income/expenditure source. One parent is assumed to work full-time and earn 50% of national average full-time earnings. The other parent is assumed to be inactive. Average full-time earnings/the average full-time wage (AW) refers to the average gross wage earnings paid to full-time, full-year workers, before deductions of any kind (e.g. withholding tax, income tax, private or social security contributions and union dues). Data for Korea account for the abolition of the supplementary child tax credit and the introduction of Korea's new child allowance using the parameters in place as of January 2019. The OECD average excludes Chile and Mexico. See Box 2.3, Box 2.4 and the OECD Tax and Benefit Systems website (http://www.oecd.org/social/benefits-and-wages/) for more detail on the methods and assumptions used and information on the policies modelled for each country.

Source: OECD estimates based on the OECD Tax-Benefit Models, http://www.oecd.org/social/benefits-and-wages.htm

Low-earning families with younger children receive slightly more than low-earning families with older children, thanks in part to the new child allowance. A single-earner family with two children aged 2 and 3 on 50% of the 2018 AW receives benefits worth just over 20% of the 2018 AW (Figure 2.17, Panel A). On top of child care tax credit and housing benefit payments, this family receives two child allowance payments worth 5.1% of the 2018 AW (KRW 2 400 000), and two sets of home care allowance (Chapter 4) payments worth the same. While valuable, this is still much less than the amounts receive by otherwise similar families in many other OECD countries. By way of comparison, a similar family in Finland, Ireland, Luxembourg, Poland or Slovenia receives family benefits, in-work benefits, and other social benefits (e.g. housing benefits, social assistance, etc.) worth in total around 30-40% of their respective 2018 AWs. In Canada and Denmark, the sum of these benefits comes to about 60% of the 2018 AW (Figure 2.17, Panel A).

This low-tax/low-benefit approach means that family net income depends more heavily on market earnings in Korea than in many other OECD countries (Figure 2.18). For example, in Denmark, a combination of relatively high tax rates and comparatively generous social benefits means that net family income responds only slowly to changes in gross market earnings (Figure 2.18, Panel B). In Korea, the relationship is much tighter (Figure 2.18, Panel A). Korea's approach has its advantages. For example, it helps sustain work incentives and ensures that it pays to move into work or extend working hours; Korea has some of the lowest effective tax rates in the OECD for second earners entering work or moving from part-time to full-time work (*OECD Tax-Benefit Data Portal*). However, it also means that, more than in most other OECD countries, family net income levels vary strongly with changes in market earnings. To a greater extent than in much of the rest of the OECD, family living standards in Korea are vulnerable to events such as job loss and family break-up.

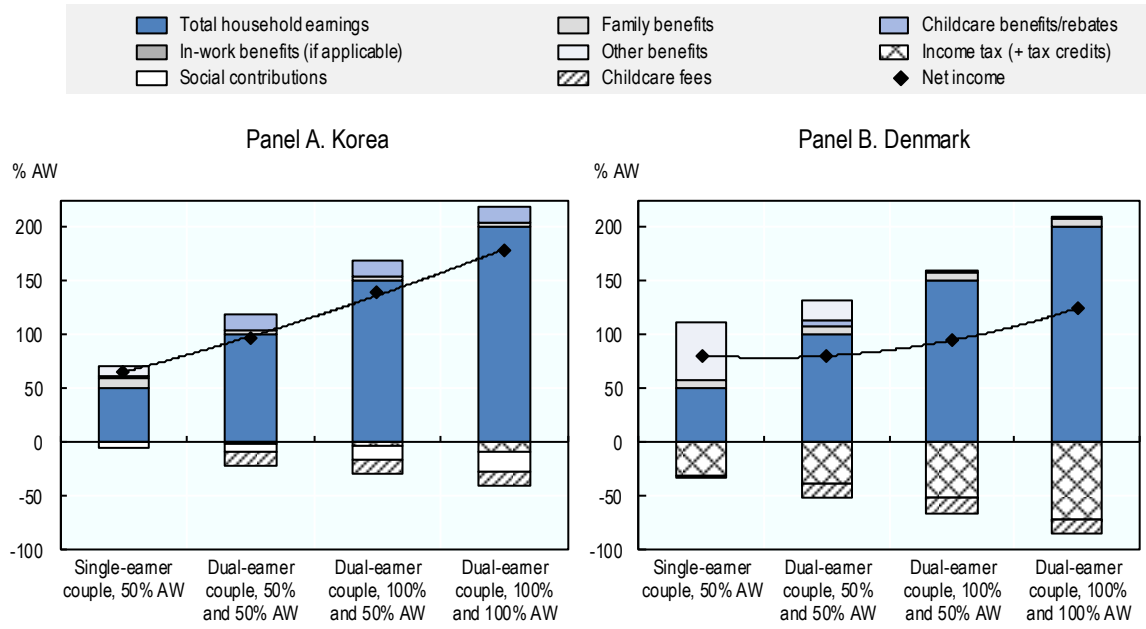
2.4.3. Moving towards a more comprehensive system of family cash support

Korea is in the process of developing its package of cash and tax supports for families. The introduction of the new child allowance was an important and positive step. While the new allowance's payment rate is only moderate compared to some other OECD countries, it still provides much needed financial support for families with young children, especially low-income families. Other relatively recent measures, such as the earned-income tax credit and child care tax credit, are fairly modest and small in scale. In 2018, both were paid at only low levels, although the 2019 adjustments to the earnings threshold and payment ceiling on the earned-income tax credit, plus changes to the payment ceiling on the child care tax credit, go some way towards addressing this.

Korea continues to spend only relatively small amounts on cash and tax supports for families, which suggests there remains room to invest further in helping families with the costs of raising children. There is scope in particular for providing further support to families with older children. Any further support should, of course, be balanced against the need to maintain work incentives and ensure that work pays for parents, especially second-earner parents. However, the experience of other OECD countries suggests that, particularly when twinned with comprehensive leave, childcare and out-of-school-hours care provisions, it is possible to provide families with income support that does not produce strong financial disincentives to work.

Figure 2.18. Family net income depends more strongly on market earnings in Korea than in some other OECD countries, such as Denmark

Net household income for a couple family with two children aged 2 and 3, by earnings level, by income/expenditure source, as a % of average full-time earnings (AW), Korea and Denmark, 2018



Note: Data refer to net household income for a couple family with two children (aged 2 and 3), decomposed by income/expenditure source. Data for Korea account for the abolition of the supplementary child tax credit and the introduction of Korea's new child allowance using the parameters in place as of January 2019. With the exception of the single-earner couple, both children are assumed to attend centre-based childcare full-time, defined as care for at least 40 hours per week. All parents are assumed to work full-time earning the mentioned percentage of national average full-time earnings, except for the single-earner couple, where only one parent works full-time earning 50% of average full-time earnings. Average full-time earnings/the average full-time wage (AW) refers to the average gross wage earnings paid to full-time, full-year workers, before deductions of any kind (e.g. withholding tax, income tax, private or social security contributions and union dues). See Box 2.3, Box 2.4 and the OECD Tax and Benefit Systems website (http://www.oecd.org/social/benefits-and-wages/) for more detail on the methods and assumptions used and information on the policies modelled for each country.
Source: OECD estimates based on the OECD Tax-Benefit Models, http://www.oecd.org/social/benefits-and-wages.htm

One option for Korea is to extend eligibility for the new child allowance to older children. As noted earlier, in most OECD countries, child allowances are often available up until children reach 16 or 18 years of age, but the 6-year-old age limit placed on the Korean allowance means that many dependent children do not qualify. Extending the eligible age range until adulthood, or at least up to the point where children leave compulsory education (age 14 in Korea), would help households with older children with the costs of raising a family. One consideration to keep in mind, however, is that this would involve transfers to families of all types, including those already on relatively high incomes, since the child allowance is currently not means tested.

Other options for consideration include further expanding the refundable earned-income and child care tax credits. These credits are means-tested and available only to families with relatively low market earnings, so expansion here would better ensure that assistance is directed towards those families that need it most – low-income families. From the perspective of supporting families with children, expanding the child care tax credit is likely to be most preferable, since payments made through this credit respond directly to the number of children in the family. Currently, the payment ceiling on the child care tax credit remains fairly low, even at its new 2019 rate of KRW 700 000 (1.5% of the 2018 AW) per child. By way of comparison, a similar if slightly more tightly-targeted refundable tax credit in the United Kingdom (the *child tax credit*) has

a payment ceiling equal to 7.1% of the 2018 AW per child, albeit for the first two children only. Similarly, the United States' refundable *earned-income tax credit* is effectively worth about 6.3% of the 2018 AW for the first child, although considerably less from the second child on. Further increasing the value of Korea's child care tax credit to values closer to these levels would provide a much needed boost to low-income families, especially those with older children.

Box 2.4. Modelling the tax-benefit position of families in Korea

It is necessary to use a number of assumptions and methodological choices for the analyses of the tax-benefit position of Korean families shown in Figure 2.16, Figure 2.17 and Figure 2.18. In addition to the detailed methodological information available on the OECD Benefits and Wages website (https://www.oecd.org/social/benefits-and-wages/), a couple of further notes are necessary:

- The information on the tax-benefit position of families shown in Figure 2.16, Figure 2.17 and Figure 2.18 refers in general to the situation on 1 July 2018. However, for consistency with the earlier discussion, the new child allowance is modelled using the parameters in place as of 1 January 2019. This means that the allowance is paid at KRW 100 000 per child per month, with the eligible age range set at children aged 0-6. The means test on the child allowance previously in place in 2018 is not modelled.
- The 2019 parameter adjustments to the earned-income tax credit and child care tax credit are not modelled. As a result, the numbers shown in figures in Figure 2.16, Figure 2.17 and Figure 2.18 likely underestimate the benefits received by (and the net income for) lower-income family types. However, especially in the case of the revision to child care tax credit, the effect is likely to be only fairly small. While most families with children on anything less than about 85% of the 2018 AW would receive some boost to net income through the increased child care tax credit, even at the new maximum amount (KRW 700 000 per child per year, KRW 200 000 higher than in 2018), the boost for a two-child family would be worth less than 1% of the 2018 AW.

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Notes

[1] Average full-time earnings/the average full-time wage (AW) refers to the average gross wage earnings paid to full-time, full-year workers, before deductions of any kind (e.g. withholding tax, income tax, private or social security contributions and union dues). For more information, see OECD Taxing Wages (https://www.oecd.org/tax/taxing-wages-20725124.htm).

[2] The abolished supplementary child tax credit was worth KRW 150 000 (USD 136) per child per year from the second child on and, where, applicable was added to the standard child tax credit. Because the supplementary credit was non-refundable, only those individuals with a positive tax liability could benefit. In practice, because the tax regime in Korea often reduces the tax liabilities of lower-earning families to zero, the abolished supplementary credit was effectively available only to higher-earning families.

3 The work/family balance in Korean workplaces

This chapter discusses how the highly segmented labour market shapes work-life balance issues in Korea. It shows that women are over-represented in non-regular and low-wage employment, which provides limited coverage to maternity and parental leave benefits. Long working hours also challenge work/life balance issues, especially in conjunction with the often considerable commutes and the prevailing “socialising after work culture”.

The chapter discusses recent measures to retain women in the labour market, help them return to work after a long interruption, and/or reduce excessive working hours. Policies which could help achieve a better balance between work and family life include: i) increasing the use of maternity and parental leave; ii) expanding opportunities to work part-time; iii) promoting greater working time flexibility; iv) tackling discrimination effectively; and v) strengthening affirmative measures to promote gender equality in employment.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

3.1. Introduction and main findings

The dynamism of the Korean labour market in terms of job creation and the increase in female educational attainment has contributed to a rise in the female employment rate from 50% in 2000 to almost 57% in 2017. However, Korea's labour market is highly segmented, between workers in regular employment with seniority-based remuneration, social protection coverage, job stability and decent job-quality, and non-regular workers with low pay, limited access to social protection, fixed term employment contracts and poor job quality. These latter jobs are often in the large number of Small and Medium Enterprises (SMEs) in Korea, where overall labour productivity is low.

Women are over-represented in low-wage employment: 37% of women working full-time are in low paid employment compared to 15% of men; and 30% of mothers and 12% of fathers are in non-regular employment. Non-regular jobs do not always provide basic social security coverage, exacerbating the vulnerability of those in non-regular employment, and they are not all eligible for maternity or parental leave benefits that are available to those in regular employment.

Workers, both men and women, have long working hours in Korea. On average, full-time workers work 46.8 hours per week when the OECD average is 42 hours. The percentage of men and especially women working long hours is also much higher than the OECD average: 21% of women work 50 hours or more per week in Korea compared with 8% on average across the OECD, while part-time work (18% of female employees) is also much less frequent than in many other OECD countries (24%). To curb the long work hours culture and prevent overwork, recent legislation stipulates a reduction of the maximum working hours from 68 hours to 52 hours per week. At present, the law applies only to large companies, but its coverage is scheduled to be extended to smaller companies in the near future. This law signals to both companies and workers that a better equilibrium can be found to both achieve greater labour productivity and allow employees to find a better balance between work and family life.

Korean workers spend more time commuting to and from work than workers in most other OECD countries. In addition, many (often regular) workers spend time socialising after work with their colleagues a few evenings per week. The "long hours culture" and the "after work social culture" reflect traditional social norms and contribute to the strong division of paid and unpaid work between men and women.

To keep women in employment and reduce the frequency and duration of career breaks, Korea has introduced relatively generous maternity and parental leave rights compared to other OECD countries. In particular, each parent who has been in their job for at least six months is theoretically entitled to one year of paid parental leave even though payment rates are generally low, except for the first three months. However, important categories of workers are excluded, including self-employed workers who are not covered by the legislation on parental leave, and employees who work less than 60 hours a month who cannot get parental leave benefits paid from the employment insurance because the Employment Insurance Act does not apply to them. A significant share of women prefer not to take the leave in order to avoid penalising their co-workers, as companies often do not fill temporary vacancies, and the corporate culture is not supportive of fathers going on leave (OECD, 2018[1]). For all these reasons, the use of parental leave remains relatively low, even though it has grown significantly in recent years. Korea has also set up programmes to reintegrate women who have interrupted their professional activity for several years through a coordinated offer of training and job search services adapted to their skills and family constraints.

In the Korean labour market environment, it is currently difficult to reconcile work and family commitments. Workplace measures that could improve the work/family balance include:

- *Increasing the use of maternity and parental leave*. Several measures can help to increase the use of leave, including: i) increasing the comparatively low level of pay; ii) introducing the possibility of opting for shorter but better paid leave; and iii) extending leave entitlements to groups of workers not covered (such as employees working less than 60 hours per month, domestic workers and self-employed). For leave policies to become more effective in Korea, it is also important to develop a more supportive workplace environment and to better enforce the law (OECD, 2016[2]). A government initiative linking data on health and employment insurance and investigating firms suspected of not allowing workers to take maternity leave is well worth pursuing and should be strengthened where needed (OECD, 2018[1]).
- *Expanding opportunities to work part-time* in order to encourage mothers to stay in the labour market. Mothers currently tend to leave employment around childbirth, especially when they hold non-regular jobs. Several countries allow employees with children to reduce their working hours over a specified period by maintaining remuneration proportional to working hours and social security rights. For example, in Sweden parents can reduce their working hours by 25% until their child becomes eight years of age; in Germany, a parent has the right to reduce their working hours between 15 and 30 hours for three years. A key point is also that workers can return to full-time work and maintain their career prospects after a period of reduced working time.
- *Promoting greater working time flexibility*. About 8.4% of wage workers use flexible working arrangements, but this rate is rather low compared to EU countries, where 3 out of 4 employees enjoy some form of working time flexibility, including flexible start and finishing times or teleworking opportunities. Some countries limit flexible working time options to employees with care responsibilities, but other countries such as the Netherlands and the United Kingdom provide such opportunities to all employees in order to avoid discrimination against particular groups of workers. Policy should encourage companies to develop opportunities to work with flexible starting and finishing times, spread working hours across weeks or months, or use home or teleworking options to help workers balance work and family. The government should also encourage companies to put this issue on the agenda of enterprise and sectoral bargaining, and facilitate the sharing of information on best practices in working time flexibility and the implementation of associated changes in work organisation.
- *Tackling discrimination effectively*. The guarantee that an employee will not be penalised with regard to remuneration and career opportunities if he or she takes parental leave, works part-time or uses working time flexibility is crucial for these practices to become widely used and accepted. To help reduce the potential for discrimination, policy could increase sanctions on employers to improve the financial incentives to comply with non-discriminatory workplace practices; strengthen the labour inspectorate to more effectively enforce anti-discrimination legislation; and make it easier for workers to file complaints on discrimination with labour courts.
- *Strengthening affirmative measures to promote gender equality in employment*. Korea has put in place affirmative action plans to monitor companies' progress in achieving gender equality in employment. Following the example of some countries, wage transparency measures could be introduced to help address gender pay inequalities.

3.2. A dual labour market

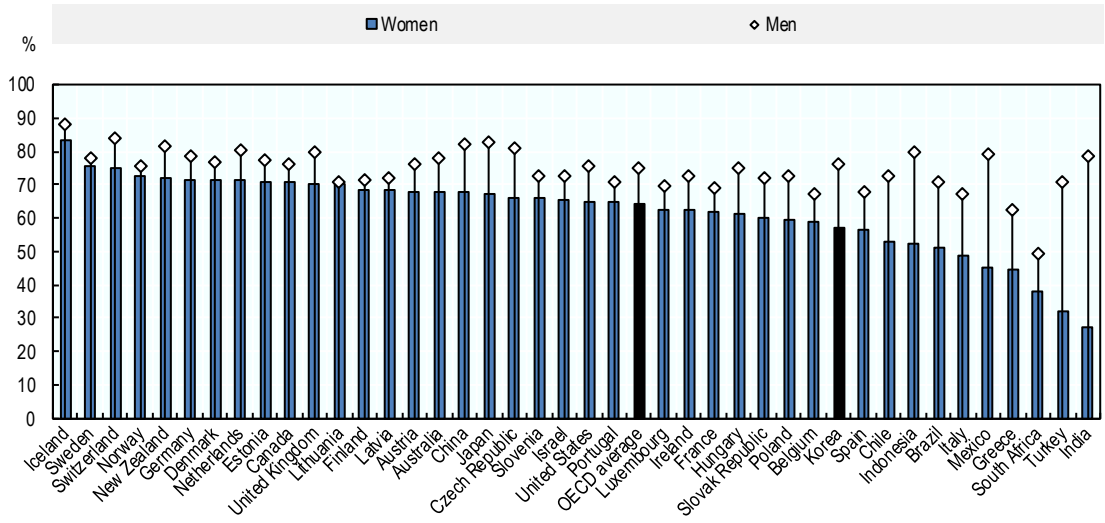
3.2.1. A dynamic labour market, but with long working hours and low labour productivity

Korea's labour market has undergone profound changes over the past decades. Starting from a relative abundance of low-skilled, rural self-employment, Korea's population now engages in much more high-skilled work in the service sector. The share of Korean workers employed in agriculture, forestry and fishery declined from 17% in 1990 to 5% in 2018, while the employment share in industry fell by 10 percentage points to 25%. Over the same period, the employment share in the service sector increased from 46.7% to 70%.

The number of jobs created to absorb labour force growth has been significant: in 1990, about 18 million people were in employment, which grew to 28.6 million in 2018. In 1990, just over 7.3 million women were in employment, compared to 11.4 million in 2018. Over the same period, the female employment rate increased significantly, but at 57%, it is still almost 20 percentage points lower than for men (Figure 3.1).

Figure 3.1. Female employment in Korea is relatively low which contributes to a relatively wide gender employment gap

Employment rates by sex, 15- to 64-year-olds, OECD and key partner countries, 2017



Notes: Data for China refer to 2010, and for India to 2012.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

Another strength of the Korean labour market is the very low unemployment rate – 4% in the first quarter of 2019, and a very low long-term unemployment rate (unemployed for 12 months and over), which stands at only 0.4% of total unemployment compared with an OECD average of 33.8% in 2015. This low level of unemployment reflects the job creative power of the Korean labour market, limitations in coverage of Employment Insurance (EI) and the low payment rates of unemployment benefits. Many Koreans (especially married women) also move out of the labour force within their first year of unemployment, which contributes to the labour force inactivity rate in Korea being somewhat higher than the OECD average – 30.7% vis-a-vis 27.6% in 2018.

The long working hours culture is a salient feature of the Korean labour market. Koreans spend more time in paid work than workers in most OECD countries. At 47.8 hours per week for men and 45.2 hours per week for women, Korea has some of the longest average weekly working hours in the OECD (Figure 3.2, Panel A). The OECD average full-time working week is 43.1 hours for men and 40.3 hours for women. Only Mexico (50.2 hours per week for men, and 46.2 for women) and Turkey (50.7 hours per week for men, and 46.3 for women) have longer average full-time hours.

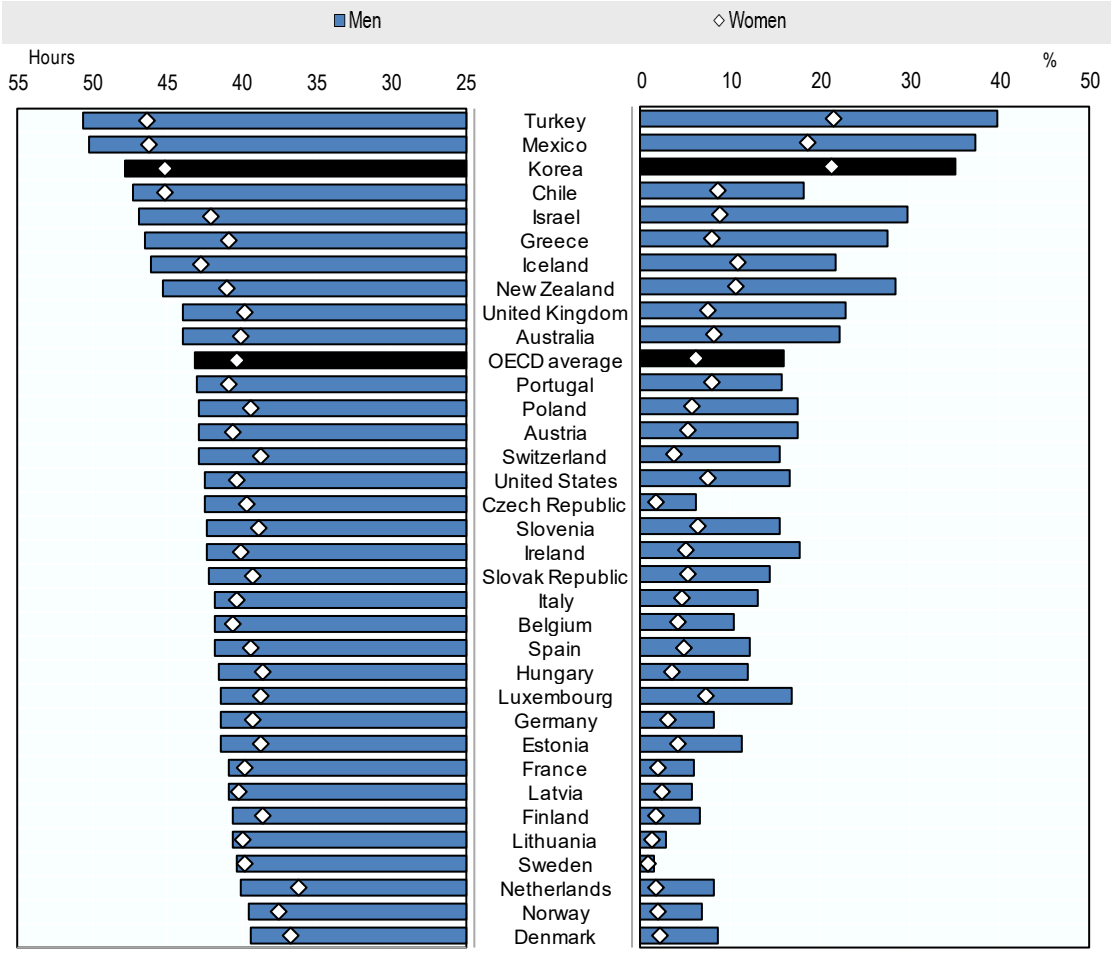
Korea also ranks above the OECD average in the share of workers spending over 50 hours per week on the job. About 35% of male Korean workers work 50 hours or more per week, as do 21% of female Korean workers (Figure 3.2, Panel B). These are far higher than the respective OECD averages of 16% and 6%. According to 2013 statistics on weekly working hours of wage earners in 16 cities and provinces, out of the 17.4 million workers, some 4.7 million or 27%, were found to be unable to leave work before 8p.m. and 2.6 million workers or 15%, remained in the office until 9p.m. (Hankyoreh, 2014[3]). Just over 2 million workers reporting staying in the office until 10p.m., and 610 000 workers reported regularly work until midnight or beyond.

Korea also has the highest average *annual* number of hours worked per worker of any OECD country other than Mexico, even though the number of hours has fallen from just over 2 200 in 2008 (*OECD Employment Database*) to just over 2000 (Figure 3.2, Panel C). On the other hand, labour productivity in Korea is about 48% lower than in the United States and well below the OECD average (Figure 3.3).

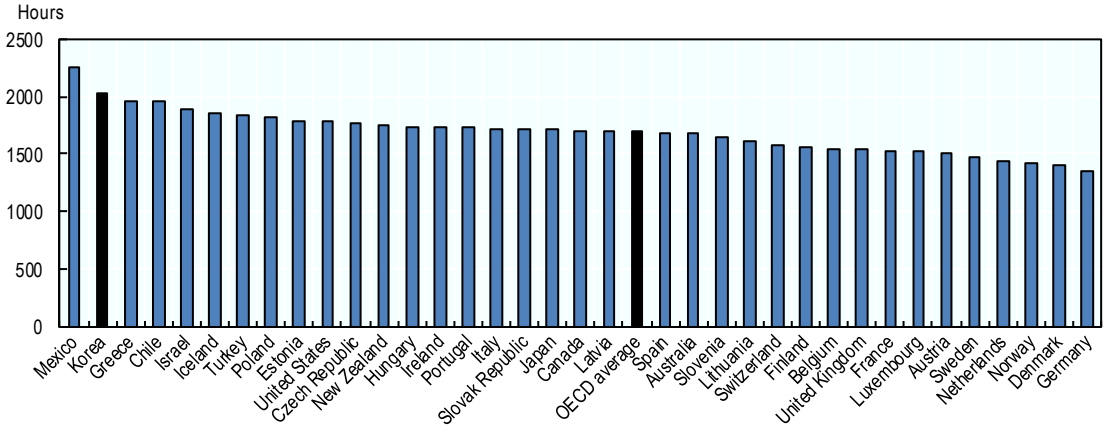
Figure 3.2. Korean workers spend a long time at work

Panel A. Average usual weekly working hours, total full-time employed, by sex, all ages, OECD countries, 2017

Panel B. Percentage of all employed working 50 hours or more per week, by sex, all ages, OECD countries, 2017



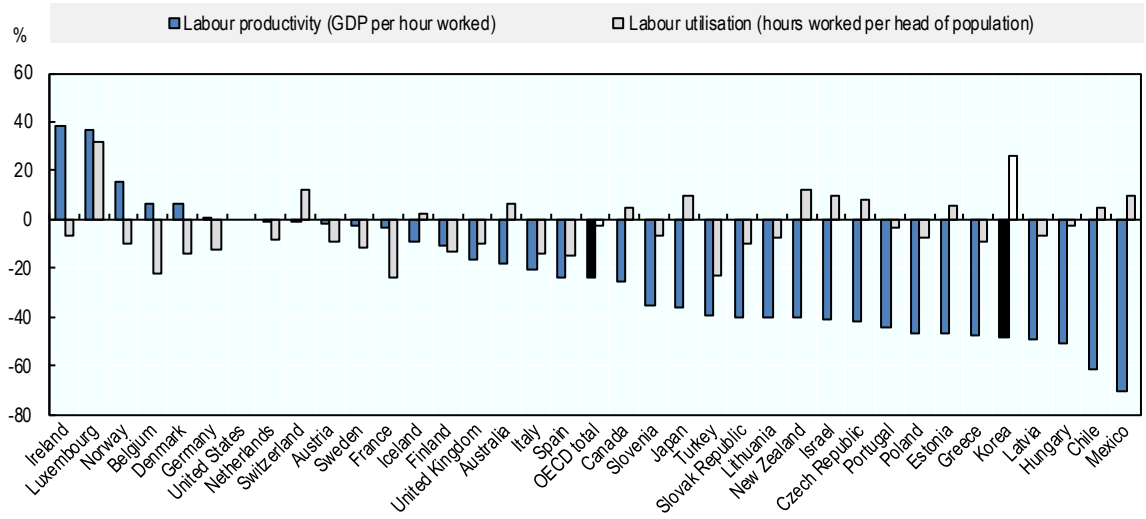
Panel C: Average annual hours actually worked per worker, total employment, all ages, OECD countries, 2017



Note: For panels A and B: Data refer to usual weekly working hours in the main job, except for Australia, Iceland, New Zealand and Norway (usual weekly working hours in all jobs) and Korea (actual weekly working hours in all jobs). Full-time employment is defined as usual weekly working hours of 30 or more hours per week in the main job. Data for Brazil refer to 2015, and for Norway to 2016. For the United States, data refer to dependent employees only. For Panel C: Data for Turkey refer to 2015, and for France to 2016.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

Figure 3.3. Labour productivity is very low in Korea

Labour productivity and labour utilisation, % difference to the U.S. (U.S. = 0), OECD countries, 2017



Note: Labour productivity is measured as GDP divided by the total number of hours worked. Labour resource utilisation is measured as the total number of hours worked per capita.
Source: OECD Productivity Statistics, https://www.oecd.org/sdd/productivity-stats/

3.2.2. Labour market dualities

Korea's labour market displays very pronounced dualities that result in very different outcomes for workers in terms of job quality, earnings and social protection. One of the main manifestations of labour market dualism is the large proportion of non-salaried workers – including own-account workers, employers and contributing family workers – that are related to the proliferation of micro-enterprises. In 2018, 40.9% of employees were working in micro-enterprises (i.e. those with fewer than 10 employees) and only 14.6% of workers in Korea were employed by large firms with 300 or more employees (OECD, 2018[4]). The share of non-salaried workers in Korea's total employment fell from 61.0% in 1970 to 25% by 2018. Nevertheless, this is well above the OECD average of 15.5% in 2018. Furthermore, just over 30% of Korean workers in 2016 were informal workers without coverage by minimum wage regulations, labour standards and social insurance regulations (OECD, 2019[5]).

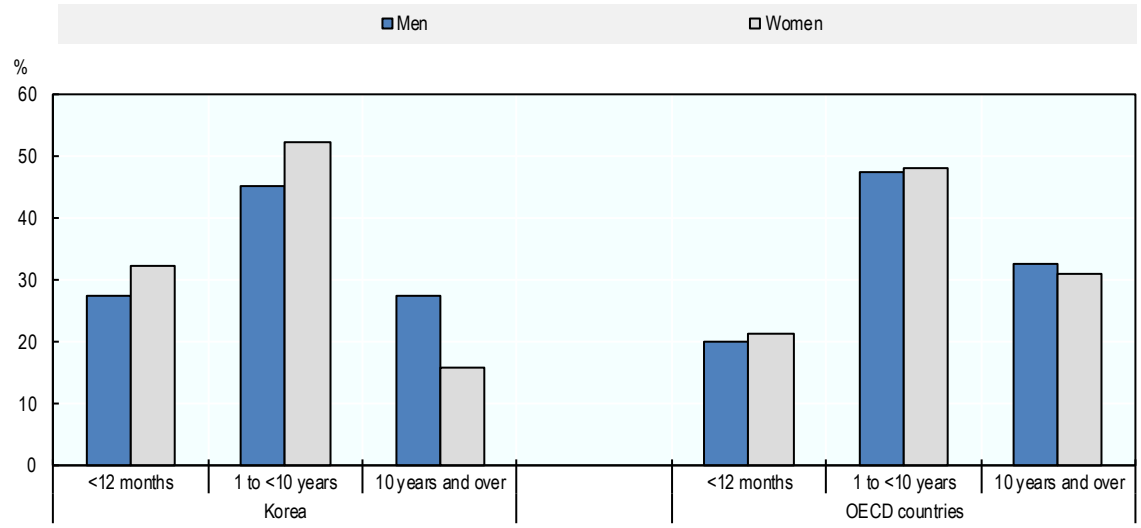
The prevalence of non-regular employment is another indication of the high degree of labour market segmentation in Korea. Non-regular employment accounts for a little over one-third of all salaried workers in Korea, and is largely concentrated in micro-enterprises: in 2016, 48.7% of non-regular workers are employed in micro-enterprises with fewer than 10 employees and 72.1% of them in small firms with fewer than 30 employees (OECD, 2018[4]). One reason is that in order to keep labour costs down and enhance business flexibility, larger firms often prefer subcontracting out work to SMEs rather than hiring non-regular workers directly. The fact that nearly half of all non-regular workers in Korea are concentrated in micro-enterprises makes it more difficult for these workers to find a pathway into more secure and better-paid jobs in larger firms.

The high segmentation of the labour market also means that a high proportion of workers hold a job for a short period of time, possibly before moving on to another job. At just 6.2 years in 2018, average job tenure among Korean employees (15- to 64-year-olds) is the shortest among OECD countries with comparable data (*OECD Employment Database*). The average across the OECD is 9.4 years. In Korea, more than one-quarter of male employees and close to one-third of female employees separate from their jobs within one year – both well above the OECD average (Figure 3.4). Korean women are much more likely than Korean men to have been with their current employer for less than one year. As the unemployment rate is low, the probability of finding a job at the end of a contract is relatively high and so is turnover in the labour market. However, the high turnover contributes to economic insecurity, which is not conducive to family planning (Chapter 5).

Labour market duality is also a major cause of income inequality in Korea. In 2018, non-regular workers were paid 45% less per month than regular salaried workers (Figure 3.5). Regular employees see their remuneration increase with seniority and tenure and have career opportunities while this is not the case for non-regular workers, so that wage gaps widen over the working-life cycle until age 60. Workers with a secondary or lower level of educational attainment are over-represented among non-regular workers, (although almost one-third of the non-regular workers had completed tertiary education) and part-time workers (almost 40% of all non-regular employees) generally do not have access to regular employment conditions. The wage gap between regular and non-regular salaried workers has gradually increased since the early 2000s and mobility between the two categories of workers is very low. International comparisons show that temporary workers in Korea appear to be more at risk of becoming trapped in temporary employment or becoming unemployed than their counterparts in other OECD countries (OECD, 2013[6]).

Figure 3.4. Short job tenure is comparatively common in Korea, especially for women

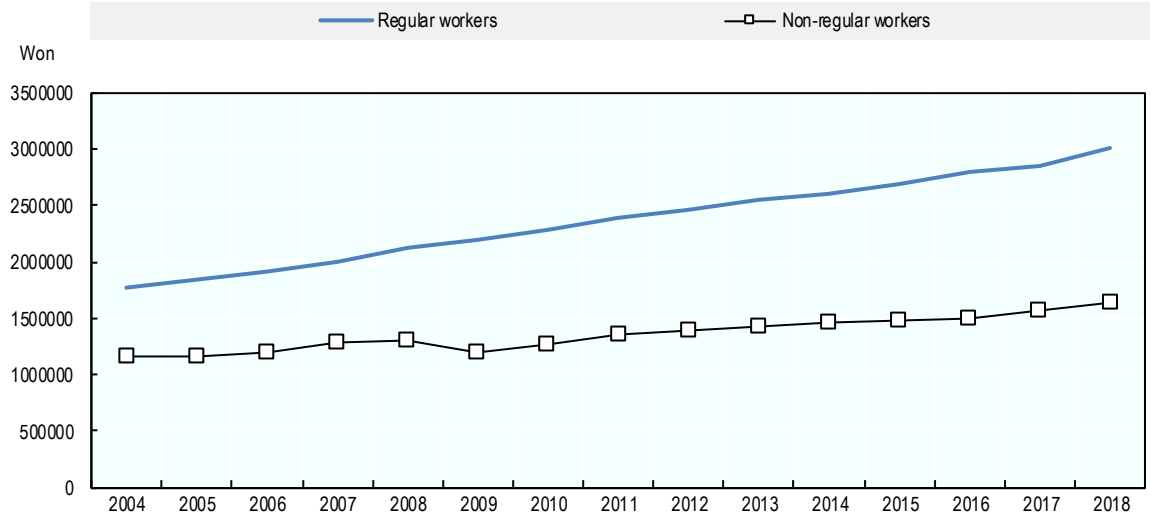
Distribution of dependent employees by job tenure, 15- to 64-year-olds, Korea and OECD countries, 2017



Note: Job tenure is measured by the length of time workers have been working with their current employers.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

Figure 3.5. The gap between average earnings of regular and non-regular employees is widening

Average monthly wage by worker type, Korea, 2004-2018.



Note: Data refer to August of the given year.
Source: Statistics Korea, Economically Active Population Survey.

3.2.3. A limited role for collective bargaining

Trade union members across OECD countries predominantly have a permanent status in employment – with only 11% of them working on a non-permanent basis (OECD, 2017[7]). The role of trade unions is limited in Korea, as collective bargaining takes place at company level and trade-union membership is very low among SMEs: about 0.1% of employees in companies with less than 30 employees and 2.7% in companies with less than 100 employees are union members (OECD, 2018[4]).

Furthermore, the Labour Standards Act is one of the most important laws on the working conditions of employees in Korea, but it applies only partially to micro-firms with less than five employees. Most of the regulations on dismissal and working hours do not apply to the micro-firms: employers are allowed to dismiss employees without further ado and there are no daily or weekly limits on working hours. Also, employers in micro-firms do not have to pay a higher wage rate for overtime. The near non-existence of trade unions and the limited application of the Labour Standards Act contribute to persistently low wages and the precariousness of employment in small firms in Korea. By contrast, the unionisation rate is high in large companies (about 63% of employees in companies with more than 300 employees are unionised) and these companies are subject to the 2018 Labour Standard Act, which aims to limit the number of weekly working hours (see Section 3.5 below).

3.3. Between a rock and a hard place

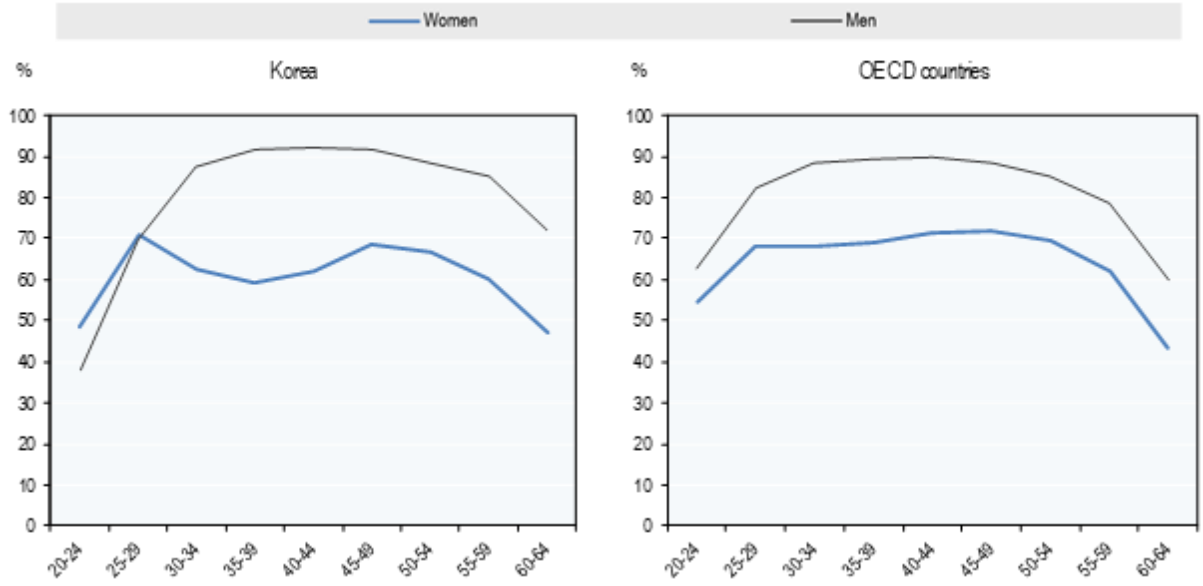
3.3.1. Career interruptions for family reasons are frequent in Korea

Although their employment rate is increasing, women are among the population groups that are most affected by the deep segmentation of the Korean labour market. It is difficult to obtain a regular employment contract in occupations and industries that facility career progression and fulfilment of individual labour market aspirations. However, such employment leaves little time to devote to family life. Women in regular employment have to think twice before starting a family, and often postpone parenthood, sometimes indefinitely. At the same time, the employment conditions and career prospects in non-regular employment are not particularly attractive, especially for highly educated workers, so that if household income allows one parent, usually the mother, may choose to stay home and provide personal care for the family rather than go back to work.

In such an environment, the birth of a child is likely to encourage women to stop working or to steer them into jobs with low pay and poor career opportunities (Blossfeld and Hakim, 1997[8]) (Esping-Andersen, 1999[9]). In Korea, over 50% of married women aged 15 to 49 with at least one child quit their job around first childbirth, while around 34% continued to work in the same job and 15% moved to another job (KIHASA, 2018[10]). Female employment rates dip around the childbearing years, and Korea is one of the few OECD countries where an M-shaped age profile of female employment rates persists (Figure 3.6).

Figure 3.6. Motherhood has a strong effect on women's employment in Korea

Employment rates by sex and five-year age group, Korea and average across OECD countries, 2018.



Note: "OECD countries" refers to the weighted average across all OECD member countries.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

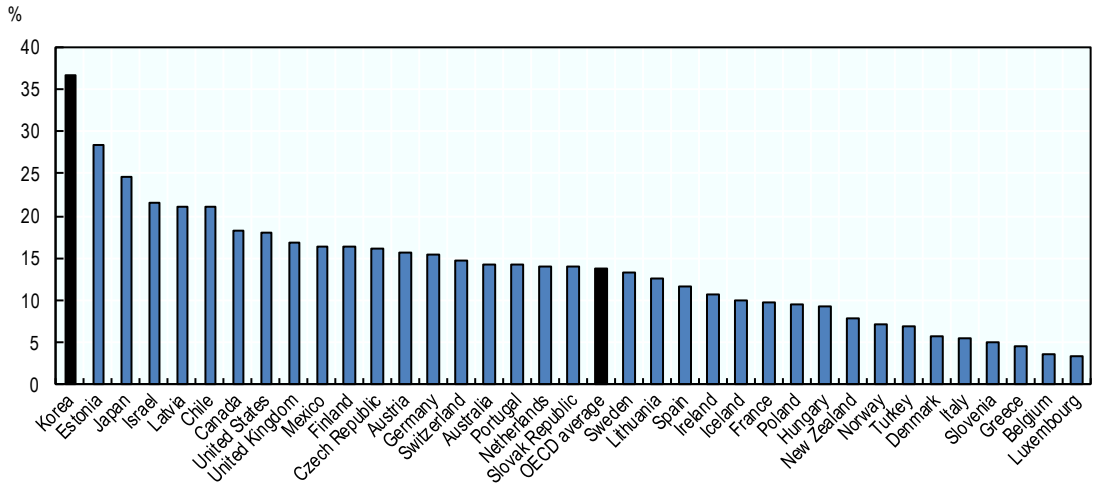
In addition, new mothers withdraw from the labour force for a long time. According to KLIPS data, women who interrupted labour force participation after the birth of their first child, stopped working for an average of three years over the period 2006 to 2015. However, the effect is not as pronounced as in the past: new mothers left the labour force for on average almost 6 years over the 1996-2005 period.

3.3.2. A substantial number of women work in low-paid jobs

Career differences between men and women develop early in working life and lead to a gender wage gap that is higher in Korea than in other OECD countries (Figure 3.7). Few women are promoted to management positions in Korea: women represented about 12.5% of managers in 2017, compared to 32.5% on average in the OECD. Women are also over-represented in low-paid employment: more than 37% of women who work full time are in low-paid employment, compared to only 15% of men and 20% of women on average across the OECD (Figure 3.8).

Figure 3.7. Gender pay differences in Korea are the largest across the OECD

Gender gap in median earnings, full-time employees, 2016

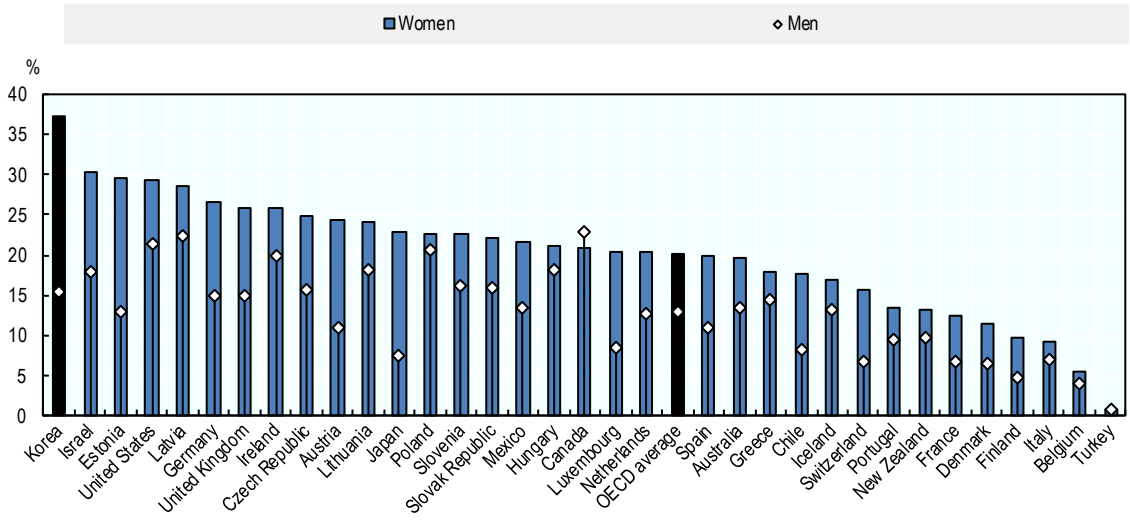


Note: The gender wage gap is unadjusted, and is calculated as the difference between the median earnings of men and of women relative to the median earnings of men. Estimates of earnings used in the calculations refer to gross earnings of full-time wage and salary workers. However, this definition may slightly vary from one country to another; see the OECD Employment Database and the individual country metadata data available in OECD.Stat (http://stats.oecd.org/index.aspx?queryid=64160). Data for Sweden refer to 2013, for Estonia, France, Latvia, Lithuania, Luxembourg, the Netherlands, Slovenia, Spain and Turkey to 2014, and for Chile, Iceland, and Norway to 2015.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

Women are substantially more likely than men to be in non-regular employment, whether on a temporary or part-time basis (Figure 3.9). Men are unlikely to withdraw from the labour force for family reasons. However, women who have taken a few years out of the labour force to care for young children, find the labour market unattractive to come back to. In general, regular employment opportunities are hard to find for the “mother returners” whom often only have lowly paid, non-regular job opportunities available. As a result, mothers are three times more likely to be in non-regular employment than fathers (Figure 3.10). In fact, fathers are three times more likely than childless men to be in regular employment, which shows that parenthood does not damage men’s chances of accessing regular employment, while it obviously does for mothers.

Figure 3.8. Low paid employment is common in Korea, especially for women workers

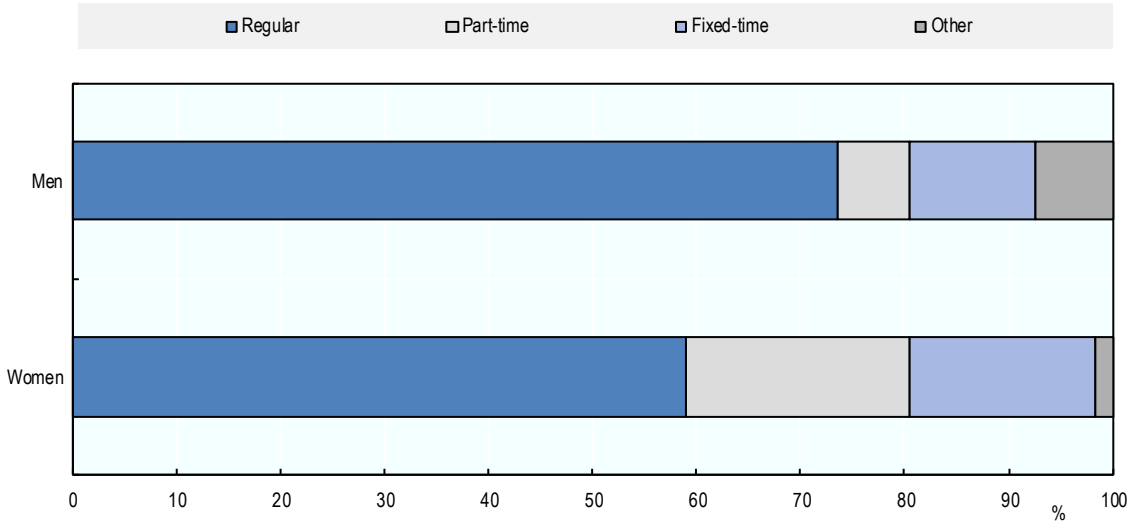
Incidence of low pay among full-time workers, by sex, OECD countries, 2016.



Note: The "Incidence of low pay" is defined as the share of full-time workers earning less than two-thirds of the gross median earnings (including bonuses) of all full-time workers. Definitions may slightly vary from one country to another; see the OECD Employment Database and the individual country metadata data available in OECD.Stat (http://stats.oecd.org/index.aspx?queryid=64160). Data for Estonia, France, Latvia, Lithuania, Luxembourg, the Netherlands, Slovenia, Spain and Turkey refer to 2014, and for Chile and Iceland to 2015.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

Figure 3.9. Women are over-represented among non-regular employees

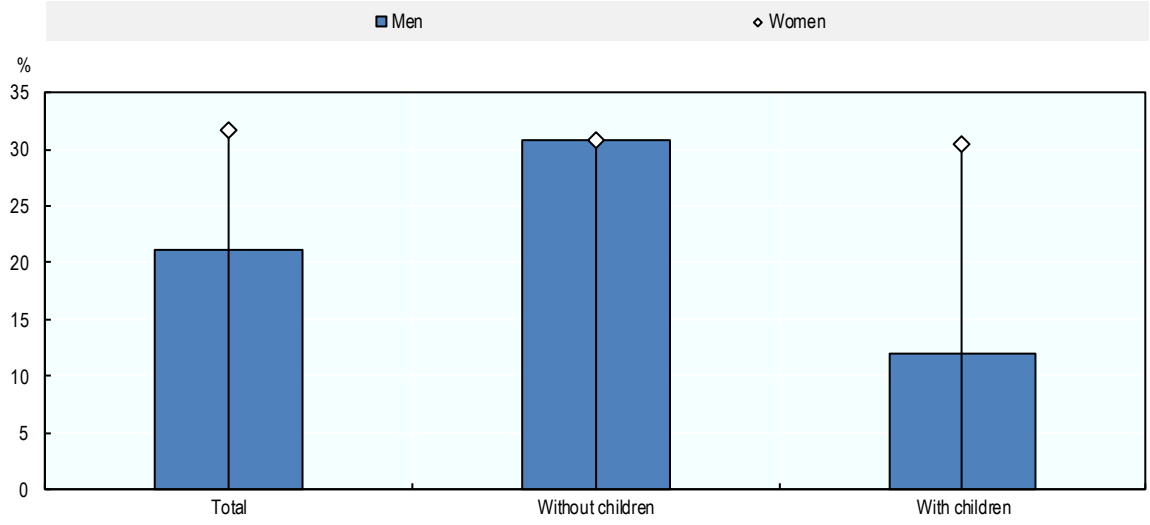
Distribution of dependent employees by type of worker and sex, Korea, 2017



Note: "Other" includes temporary employees and atypical workers ("dispatch workers, daily on-call, in-house, independent contractors, etc.).
Source: OECD (2018[1]), OECD Economic Surveys: Korea 2018, OECD Publishing, Paris, https://doi.org/10.1787/eco_surveys-kor-2018-en.

Figure 3.10. Mothers are three times more likely than fathers to be in non-regular employment

Share (%) of workers in non-regular employment by sex and parental status, 2016.

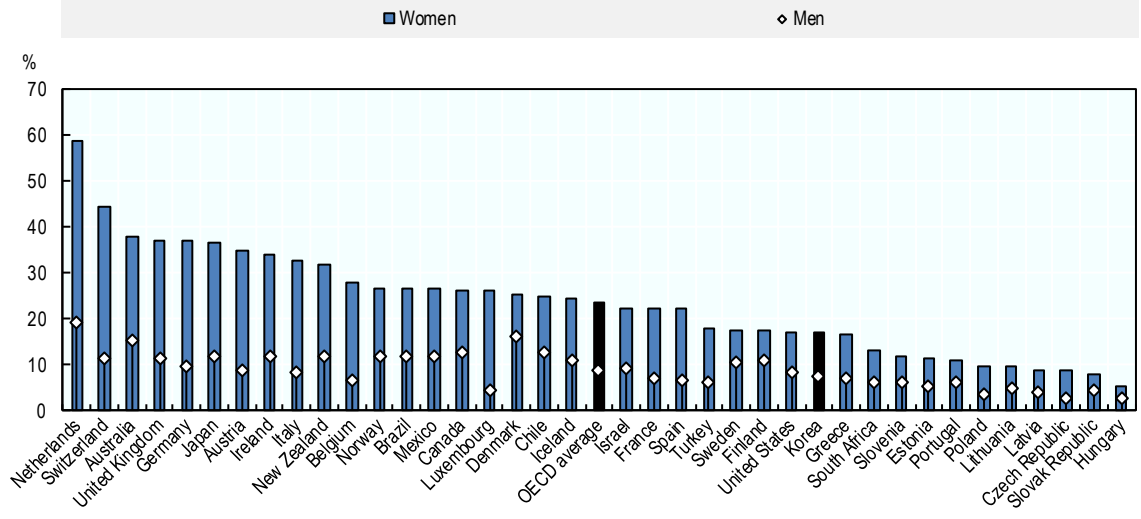


Note: Estimations for employed aged 25 to 45 years.
Source: Korean Labour and Income Panel Study.

Part-time work is on the rise, but its incidence among women (and men) is significantly lower than on average across OECD countries. 18% of employed women in Korea worked part-time (less than 30 hours per week) in 2018, compared to an average of just over 25% in the OECD. Part-time jobs are often low-paid and give limited to social protection. For example, until recently a person working for less than 60 hours per month or less than 15 hours per week was not entitled to unemployment benefits. Since July 2018, however, they can claim unemployment benefits if they have an employment contract of three months or more. The right to parental leave is also not formally guaranteed to those working less than 60 hours per month (see below).

Figure 3.11. Part-time employment is not widespread in Korea.

Part-time employment as a percentage of total employment, by sex, all ages, 2017.



Note: Part-time employment is defined as usual weekly working hours of less than 30 hours per week in the main job. Data for Brazil refer to 2015. For the United States, data refer to dependent employees only. For Australia, Finland, Iceland, New Zealand, Norway and Turkey, data refer to usual weekly working hours in all jobs. For Japan and Korea, data refer to actual weekly working hours in all jobs.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

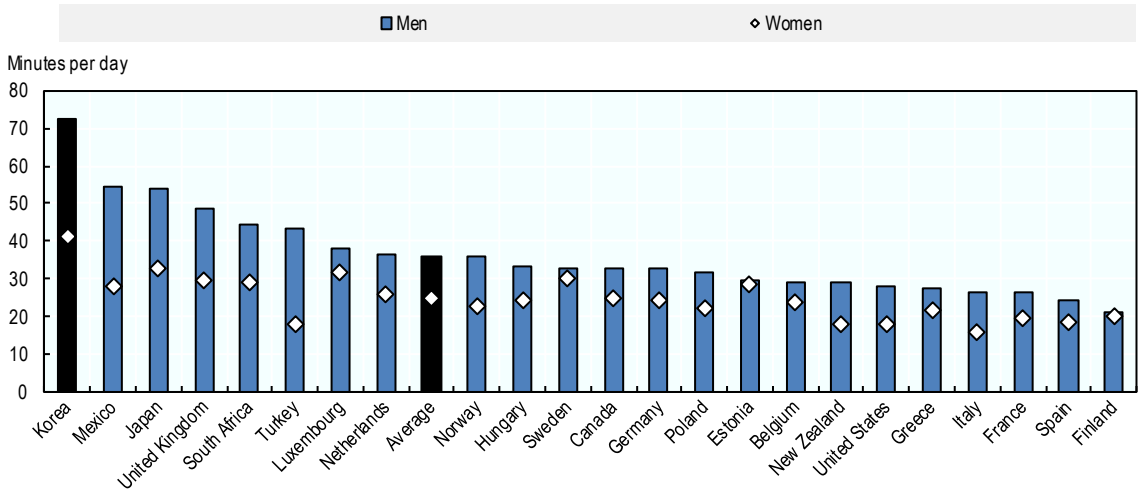
3.3.3. Partnering in separate spheres?

In addition to the long working hours culture, there is a corporate workplace culture in Korea that involves socialising with colleagues after office hours. This form of socialising is regarded as important by employees as they wish to show their loyalty to the company; it also provides an opportunity for employees to develop their network and get workplace information that they would not otherwise have. Anecdotal evidence suggests that the weekly number of social gatherings after work is declining, but they remain frequent and important, especially for young people at the beginning of their careers.

In addition, Korean workers spend a lot of time on their daily commute to and from work in comparison to workers across the OECD (Figure 3.12). Commuting times are particularly long for men who spend an average of 72 minutes per day travelling to and from work or study, compared to 41 minutes for women. Furthermore, in 2018, about 25% of employees live in one province and work in another, which means they may not always be able to return home at night after a very long day at work (Statistics Korea, 2018[11]).

Figure 3.12. Korean workers have the longest daily commute in the OECD

Average minutes per day spent travelling to/from work or study, 15-64 year-olds

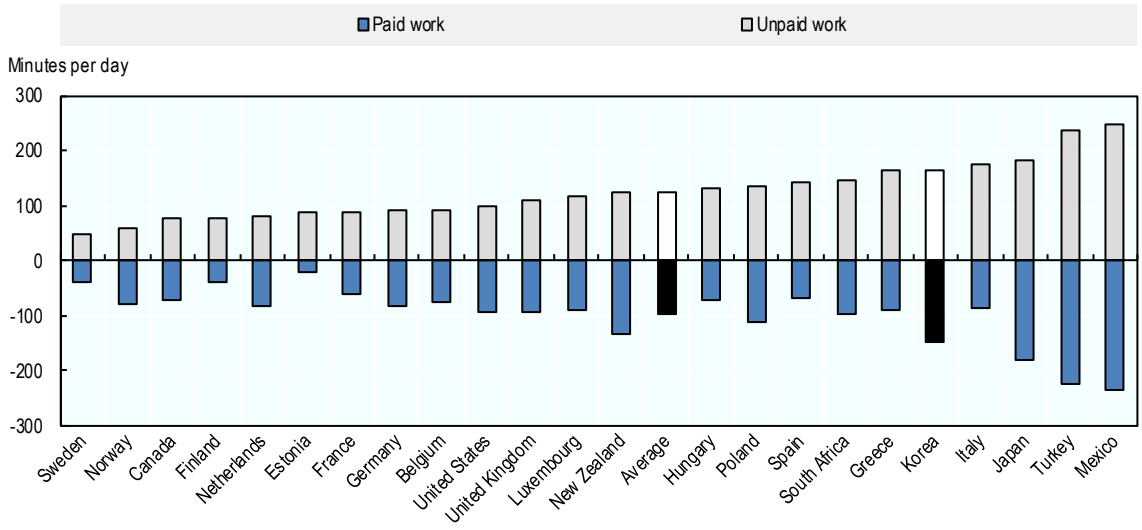


Note: Data for Belgium are for 12+ year-olds; for Greece, 10+ year-olds; for Hungary, 15-74 year olds; and for Sweden, 25-64 year olds. Reference years vary across countries: Belgium: 2013; Canada: 2015; Estonia: 2009-10; Finland: 2009-10; France: 2009-10; Germany: 2012-13; Greece: 2013; Hungary: 2010; Italy: 2013-14; Japan: 2016; Korea: 2014; Luxembourg: 2013; Mexico: 2014; the Netherlands: 2015-16; New Zealand: 2009-10; Norway: 2010-11; Poland: 2013; Spain: 2009-10; Sweden: 2010; Turkey: 2014-15; the United Kingdom: 2014-15; the United States: 2017; and South Africa: 2010.
Source: OECD Time Use Database, https://stats.oecd.org/Index.aspx?DataSetCode=TIME_USE

The combination of long working hours, long daily commutes and the socialising after work culture means that fathers, in particular, have little time to spend with their families on a daily basis. This contributes to a strong division of paid and unpaid work between the partners: on average, Korean women spend close to three hours *more* on unpaid housework each day than men do (Figure 3.13).

Figure 3.13. Gender gaps in time spent on paid and unpaid work are relatively large in Korea

Gender gap in minutes spent per day on paid and unpaid work, women minus men, 15-64 year-olds



Note: Data for Belgium are for 12+ year-olds; for Greece, 10+ year-olds; for Hungary, 15-74 year olds; and for Sweden, 25-64 year olds. Reference years vary across countries: Belgium: 2013; Canada: 2015; Estonia: 2009-10; Finland: 2009-10; France: 2009-10; Germany: 2012-13; Greece: 2013; Hungary: 2010; Italy: 2013-14; Japan: 2016; Korea: 2014; Luxembourg: 2013; Mexico: 2014; the Netherlands: 2015-16; New Zealand: 2009-10; Norway: 2010-11; Poland: 2013; Spain: 2009-10; Sweden: 2010; Turkey: 2014-15; the United Kingdom: 2014-15; the United States: 2017; and South Africa: 2010.
Source: OECD Gender Data Portal, http://www.oecd.org/gender/data/.

3.4. Keeping young fathers and mothers in the labour force

The Korean labour market has to get better at keeping men and women in employment following childbirth and helping them pursue their careers. Policy has moved to enable working parents to balance work and family life more effectively. In fact, employment-protected maternity- and parental leave policies provide income support during the period after childbirth, while workplace measures limiting working hours or teleworking can also help make workplace cultures more compatible with family life (Chapter 4 discusses childcare and out-of-school hours care supports).

3.4.1. Paid parental leave

Over the past few decades, paid maternity, paternity, and parental leaves have become major features of national family support packages in most OECD countries. Designed to be used around childbirth and when children are very young, employment-protected paid leave can help parents achieve a range of work and family goals. As well as protecting the health of working mothers and their new-born children, paid leave helps keep mothers in paid work and provides parents with the opportunity to spend time at home with children when they are young (Adema, Clarke and Frey, 2015[12]; Rossin-Slater, 2017[13]) (Thévenon, 2018[14]). In more recent years, paid leave policies have increasingly been used as a tool to promote gender equality and encourage the redistribution of unpaid work within the household. A growing number of OECD countries (including Korea) have introduced 'fathers-only' leaves, such as paid paternity leave and individual entitlements of fathers to paid parental leave, with the aim of encouraging men to spend more time with their children.

Most OECD countries have long provided paid leaves for use directly around childbirth, especially to mothers. Today, all OECD countries except the United States have national schemes that offer mothers a statutory right to paid maternity leave right around the birth (Figure 3.14, Panel A), usually for somewhere between 15 to 20 weeks and often for at least the 14 weeks as stipulated by the ILO Convention on Maternity Protection (International Labour Organization, 2000[15]). An increasing number of countries also offer paid paternity leave – short but usually well-paid periods of leave for fathers to be used within the first few months of a baby's arrival. These paternity leaves often lasts for around one or two weeks, although in some OECD countries (e.g. Greece and Italy) they last for no more than just a few days (Figure 3.14, Panel B).

The Korean system provides both paid maternity and paid paternity leave to eligible working parents around childbirth. Employed mothers in Korea have held a statutory entitlement to paid maternity leave since 1953. Today, new mothers are entitled to 90 days of paid maternity leave – just below the OECD average of 18 weeks (Figure 3.14, Panel A). For the first 60 days, mothers on maternity leave continue to receive full pay from their employer. The remaining 30 days are paid through an allowance provided by the Employment Insurance Fund providing 100% of earnings up to a ceiling of KRW 1 800 000 (USD 1 636). This is, however, only available to mothers who have been insured with the Employment Insurance Fund for at least 180 days including maternity leave. In addition, to reduce the financial burden on small and medium sized enterprises (SMEs), the Employment Insurance Fund pays for the first 60 days of maternity leave of employees in these companies up to a ceiling. Moreover, since July 2019, maternity benefits of KRW 500 000 per month have been paid for three months to pregnant women who are unable to receive maternity leave benefits from the employment insurance.

All female workers who are within the first 12 weeks or beyond the 36th week of their pregnancies can also reduce their working hours by two hours a day without reduction in pay. This rule on shorter work hours for pregnant workers previously applied only to companies with more than 300 employees, but was extended to all businesses in March 2016.

Paternity leave was first introduced in 2008 as a three-day unpaid leave, with payment added later in 2012. Currently, male employees in Korea are entitled to three days paid paternity leave with full continued payment by the employer. There is also the option of a further two days, but the employer is under no obligation to provide payment on these days. The leave must be taken within 30 days of the birth.

Paid parental leave can be taken for a year, but overall payment rates are relatively low

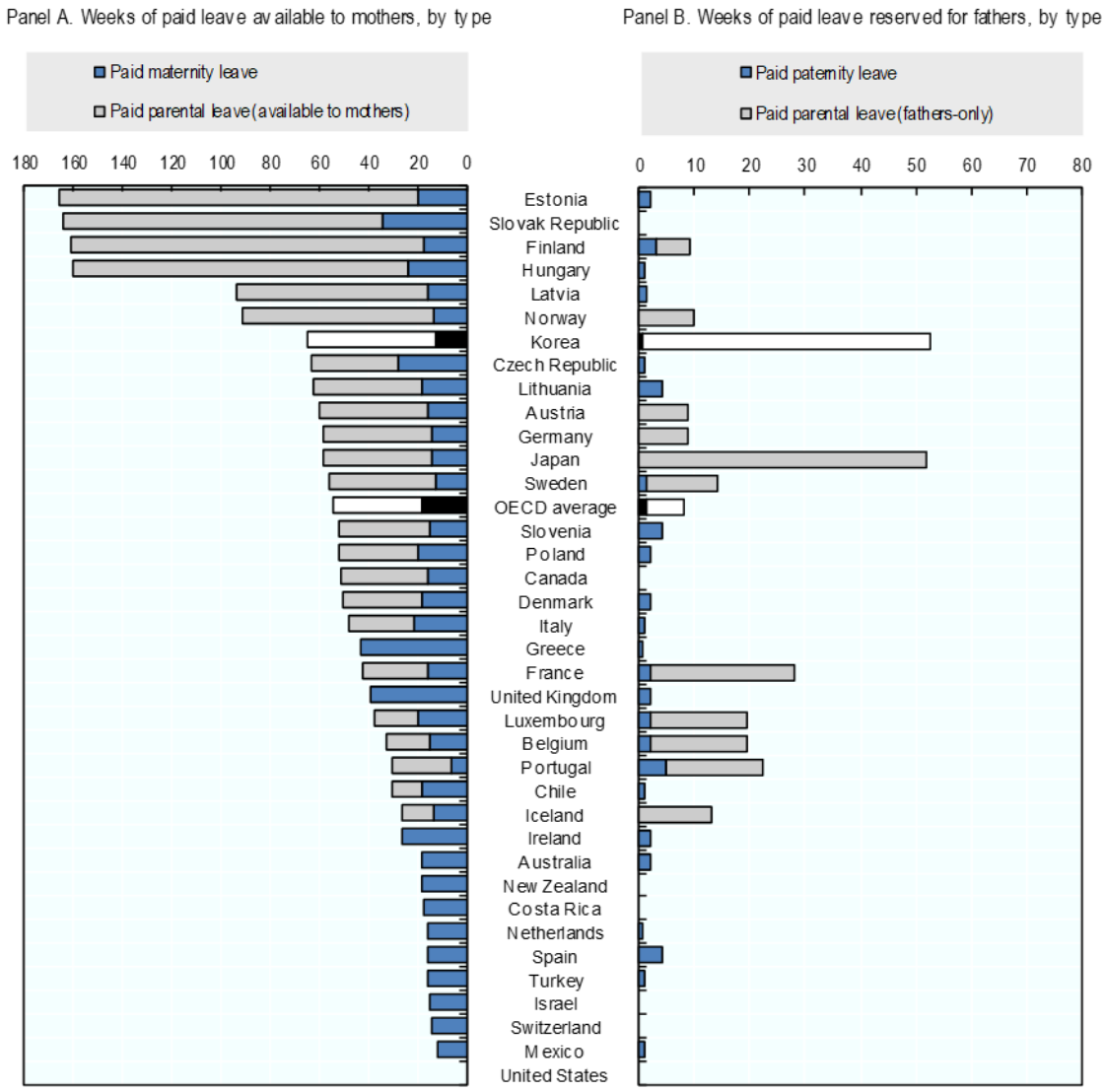
In addition to paid maternity and paternity leave, many OECD countries also provide parents with access to additional paid parental and/or prolonged home-care leaves. The length of paid parental and home-care leave varies considerably across OECD countries (Figure 3.14). In most countries, parents can access between 6 and 18 months of paid parental and/or home-care leave. However, in some countries – like Estonia, Finland, Hungary, the Slovak Republic and also France, for families with two or more children – parents can take paid leave until their child's second or third birthday.

Entitlements to paid parental leave in OECD countries are often shareable family entitlements, with each family having the right to a certain number of weeks of parental leave payments to divide as they see fit. While in theory this provides both parents with the opportunity to take paid parental leave, in practice mother rather than fathers take such leave (Moss, 2015[16]). Fathers often earn more than their partners (OECD, 2017[17]), so unless leave benefits (almost) fully replace previous earnings, it makes economic sense for the mother to take the bulk of the leave. Societal attitudes towards the roles of mothers and fathers in caring for young children and concerns around potential career implications, also contribute to a general reluctance among many fathers towards taking long periods of leave (Rudman and Mescher, 2013[18]; Duvander, 2014[19]).

To stimulate take-up among men, several OECD countries now provide fathers (and mothers) with their own individual paid parental leave entitlements on a "use it or lose it" basis (Figure 3.14). These parent-specific entitlements can take different forms. Most common are "mummy and daddy quotas" – specific portions of an overall parental leave period that are reserved exclusively for each parent. Other options include "bonus periods" – where a couple may qualify for extra weeks/months of paid leave if both parents use a certain amount of shareable leave, as e.g. in Germany – or the provision of paid parental leave as an individual, non-transferable entitlement for each parent.

Figure 3.14. Paid leave entitlements in Korea are lengthy compared to many other OECD countries, especially for fathers

Duration of paid maternity leave and paid parental leave available to mothers and duration of paid paternity leave and paid parental leave reserved for fathers, 2018



Note: Data refer to paid leave entitlements in place as of April 2018 and do not reflect entitlements introduced or amended after April 2018. Data reflect statutory entitlements provided at the national or federal level only. They do not include regional variations or additional/alternative entitlements provided by states/provinces or local governments (e.g. Quebec in Canada, or California in the United States), or any employer-provided benefits that are paid beyond the statutory minimum duration. Payment rates during paid leave differ across countries. Data refer to statutory entitlements only and do not reflect the actual use of these entitlements, which may be influenced by cultural and societal norms and the preferences of parents. Periods of paid parental leave labelled "father-only" refer to individual non-transferable entitlements, "daddy quotas" or periods of an overall leave entitlement that can be used only by the father and cannot be transferred to the mother, and any weeks of shareable leave that must be taken by one or both parents in order for the family to qualify for "bonus" weeks of parental leave. In several countries, at least part of the period of paid parental leave available to mothers is sharable and may be taken instead by fathers, if parents wish.

a. Data for France refer to the entitlement for a family with only one child. Families with two or more children can receive paid parental leave for a longer period.

Source: *OECD Family Database*, Indicator PF2.1: www.oecd.org/social/family/database.htm.

Korea operates a fully-individualised paid parental leave scheme that provides both mothers and fathers with their own entitlement for up to one year of leave. First introduced in 1988 as an unpaid leave just for mothers with a child under age 1, parental leave arrangements were extended several times during the 1990s and 2000s. Key developments came in 2001 when flat-rate payments were introduced, and in 2008 and 2011 when, respectively, reforms adopted as part of the first Basic Plan on Low Fertility and Ageing Society (Chapter 1) transformed the benefit into an individual entitlement for both parents with an earnings-related payment rate. In 2019, employed mothers and fathers insured by the Employment Insurance Fund can take up to 12 months paid parental leave each until the child's eighth birthday (or until they enter the second year of primary education). Leave can be split into two blocks and can be taken on a part-time basis: employees can reduce their working hours, but they have to work a minimum of 15 hours and a maximum of 30 hours per week. The parental leave benefit is paid in proportion to the number of working hours; parents cannot take leave simultaneously and both receive payment. The average payment rate when leave is taken for one year is relatively low in comparison with some other OECD countries (*OECD Family Database*), but the recently introduced "Daddy Months" provides financial incentives to the second parent (usually the father) to make better use of parental leave benefits (see Box 3.1).

In comparison to many OECD countries, the overall package of statutory paid leave supports provided in Korea is extensive. Taking the paid maternity leave and the paid parental leave entitlements together, mothers in Korea can take up to 65 weeks of paid leave in total, slightly longer than the OECD average of 55 weeks (Figure 3.14, Panel A). Fathers, meanwhile, can take a total of almost 53 weeks of paid paternity and parental leave. This is longer than in all OECD countries other than Japan, and far longer than the OECD average of 8 weeks (Figure 3.14, Panel B).

Rights to leave employment are not limited to parents with young children. In Korea, as in other OECD countries, statutory leave entitlements also exist for adults with dependents who are ill (Table 3.1). Employees with a sick child or close family member can access leave to care for dependents, the duration of which depends on the severity of the illness. In Korea, employees can take up to 90 days' unpaid leave per year to take care of a family member on account of illness, accident, old age etc. The leave must be taken in blocks of at least 30 days and is unpaid.

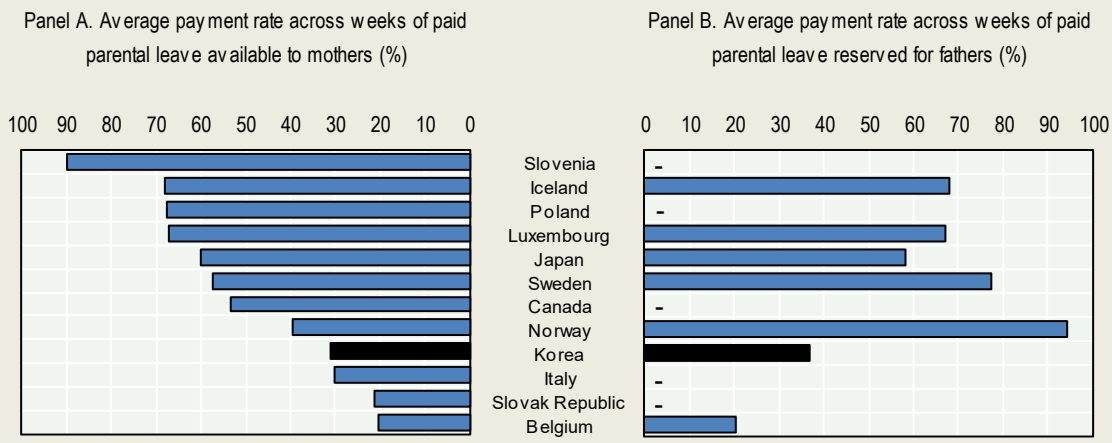
Compared to other countries, the period for which employees with a sick child or relative can take leave is long, but many other countries provide shorter but paid leaves to care for sick children. The most generous scheme is in Sweden where parents of a child under 12 years of age can benefit from up to 120 days of sick child leave, paid up to 77% of earnings up to maximum threshold at SEK 341 184 in 2018 (USD 36 800) per year (Duvander and Haas, 2019[20]).

Box 3.1. Payment rates during parental leave and the "Daddy's Month"

Eligible Korean parents have access to a year of paid parental leave, but payment rates are lower than in some other OECD countries. In 2019, the payment rate is 80% of ordinary earnings for the first three months of full-time parental leave with a minimum of KRW 700 000 (USD 636) and a maximum of KRW 1 500 000 (USD 1 364) a month (equivalent to roughly 36% of average full-time earnings). For the remaining nine months, the payment rate is 50% of ordinary earnings, with the same minimum but a maximum of KRW 1 200 000 (USD 1 091) a month (about 29% of average full-time earnings). For a worker on (2019) average full-time earnings (Chapter 2), after accounting for the payment ceilings, the average payment for the duration of leave works out at around 31% of previous earnings. In comparison, payment rates in Slovenia approximate 90% of previous earnings up to a ceiling set at twice the average wage. In Japan, payment rates are 67% of past earnings up to a moderate ceiling for six months, and 50% of past earnings up to a slightly lower ceiling for the remainder (Figure 3.15, Panel A).

Figure 3.15. Parental leave payment rates are lower in Korea than in some other OECD countries

Average payment rates across weeks of paid parental and home care leave available to mothers and weeks of paid parental and home care leave reserved for fathers, for an employee on national average full-time earnings, selected OECD countries, 2018 (2019 for Korea).



Note: The "average payment rate" refers the proportion of previous gross earnings replaced by the relevant benefit over the length of the paid leave entitlement, based on the rules in place in 2018, for a person earning 100% of 2018 average national full-time earnings. For Korea, data are based on the rules in place in 2019 and refer to payments for a person earning 100% of 2019 average national full-time earnings. If this covers more than one period of leave at two different payment rates then a weighted average is calculated based on the length of each period. In some countries, maternity and parental benefits may be subject to taxation and may count towards the income base for social security contributions. As a result, the actual amounts paid may differ from those in the table. In several countries, at least part of the period of paid parental leave available to mothers is sharable and may be taken instead by fathers, if parents wish. See the source for more detail.
Source: OECD Secretariat calculations based on *OECD Family Database*, Indicator PF2.1: www.oecd.org/social/family/database.htm.

In order to stimulate a father's use of parental leave, the Korean government introduced the so-called "Daddy Months" in 2014, which was extended to three months in 2016. In case both parents take leave, the second parent to claim the benefit (usually the father) is entitled to a temporarily increased payment rate: as of 2019, 100% of ordinary earnings up to a ceiling of KRW 2 500 000 (USD 2 273) per month for the first three months (equivalent to roughly 60% of average full-time earnings). The average

payment across the whole year works out at around 37% for a worker on (2019) average full-time earnings (Figure 3.15, Panel B), but the system provides ample financial incentives to fathers to take leave for up to three months.

Table 3.1. The duration of employment-protected leave to care for sick dependents

	To care for a sick child	To care for an adult
Australia	10 days per year for immediate family member	
Austria	2 weeks per employee per year or 9 months for seriously ill child	week per worker per year or 6 months N
Belgium	10 days per worker per year	10 days per year or 1 to12 months for severely ill family member or 2 months for palliative care
Canada	3 to10 days in 3 provinces	8 to 28 weeks if 'significant risk of death' for family member
Denmark	1 to 2 days per illness	No
Finland	4 days per illness for a child up to 10 years	No
France	3 days per year or up to 3 years for serious disability or illness, with up to 310 days paid	up to 3 years for care of terminally ill relative with up to 310 days paid[6]
Germany	up to a maximum of 25 days per year per parent	10 days per illness + 6 months long-term care for 'care-dependent' relative
Iceland	No	No
Korea	90 days per parent per year, minimum 30 day	
Netherlands	2 times per year one week (usual working hours/week) or 1 per year 6 times working hours/ week taken part time	
New Zealand	5 days per year	
Portugal	30 days per family per year if child < 12 years + 15 days if child >12 years	15 days per year for close relative + 15 days for severely disabled or chronically ill spouse
Spain	2 to 4 days per illness per parent; 3 days public sector or unlimited for seriously ill child in hospital or needing treatment at home	2 to 4 days per illness per worker or 2 to 3 years (for public sector) to care for a seriously ill relative
Sweden	120 days per child up to 12 years old per year	-
United Kingdom	Employees can take 'reasonable time' off	
United States	12 weeks for a seriously ill relative (medium or large firms)	

Note: In Canada, job-protected leave is a shared responsibility between the federal and provincial/territorial governments.
Source: International Network of Leave Policies and Research, https://www.leavenetwork.org/introducing-the-network/.

The number of parents using paid leave in Korea is low but increasing

Korea's paid leave programmes are not well used in general. Take up of maternity leave is highest, but for children born in 2017, only about 23% of mothers received maternity leave benefits from the National Employment Insurance (EI) Scheme (Statistics Korea, 2018[21]). Mothers on maternity leave in the civil service and the teaching profession (covered by separate institutional arrangements) accounted for another 11% of the children born in 2017. In 2018, only around 100 000 parents claimed the parental leave benefit – about 30 claimants per 100 live births (Statistics Korea, 2018[21]). Mothers are much more likely to claim the benefit than fathers, and about 82 000 women took parental leave compared to around 18 000 men in 2018 (Statistics Korea, 2018[21]). This is not high in international comparison. For example, in Germany in 2016, there were roughly 94 mothers and 35 fathers claiming parental leave benefits for every 100 live births. In Sweden, parents generally use their parental leave entitlements, and fathers take about 30% of the available leave days (OECD, 2018[22]).

There are different reasons why paid child-related leaves in Korea are not as widely used as in some other OECD countries. One reason is that many mothers still quit work upon getting married or childbirth. In April 2018, just over 38% of married women aged 15-54 reported they were not working. Half of them reported they were taking a break from their careers because of marriage (7.1 percentage points), childbirth

(4.9 percentage points), or because they were caring for or educating a child or family member (6.9 percentage points), while another 17.5 percentage points cited other reasons (Statistics Korea, 2018[23]). A significant share of women prefer not to take the leave in order to avoid penalising their co-workers, as companies often do not fill temporary vacancies (OECD, 2018[1]).

Government officials and teachers (schools and universities) have their own occupational schemes that provide parental leave benefits with payment rates that are the same as under the EI-scheme, but that can also cater for unpaid leave for up to two years. Take up of benefits among these workers is high, and in 2017, the numbers of parents (mothers and fathers) claiming parental leave benefits amounted to over 48 000, which is equivalent to about 53% of parental leave users under the EI-scheme (Korea Ministry of Personal Management, 2018[24]) (Korea Ministry of Interior and Safety, 2018[25]).

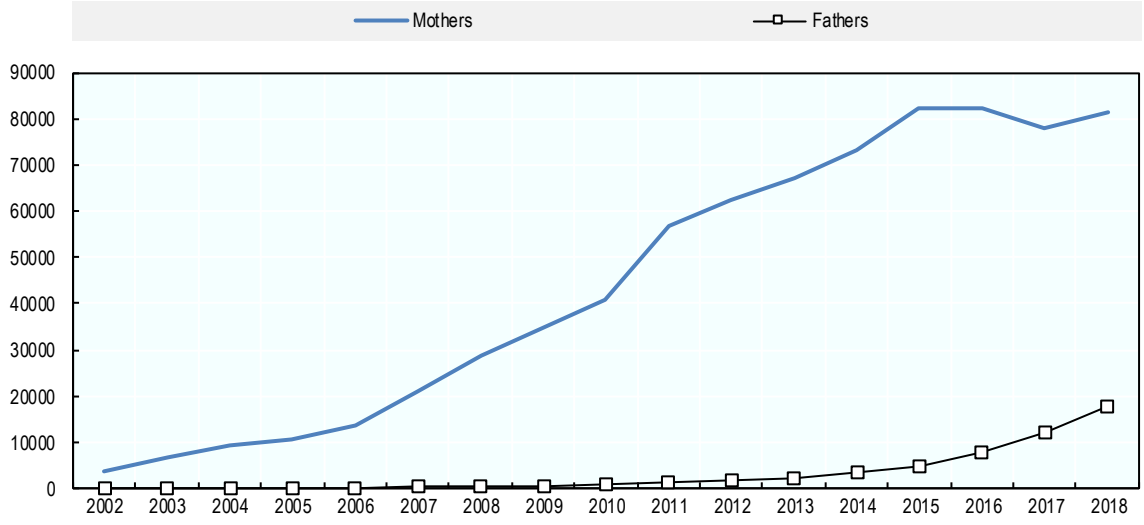
However, until reform was introduced on 1 July 2019, except for officials and teachers, the EI-scheme did not cover: employees working for less than 60 hours per month, domestic workers, the self-employed and workers in SMEs in the agriculture, construction, forestry, fishery, and hunting sectors with 4 or less employees. As of April 2018, around one-third of employed women (not including government officials and teachers) were not covered by the national employment insurance fund (Statistics Korea, 2018[23]). However, with the reform on 1 July 2019, the government extended coverage to most of these workers and provide income support for three months of maternity leave with (general tax-financed) income support up to KRW 1 500 000 (USD 1364) for three months.

For fathers, much of the challenge is cultural. Like elsewhere in the OECD, fathers in Korea often are reluctant to take leave for a prolonged period, as they are concerned this may have a negative effect on their career or their relationships with colleagues (Won and Pascall, 2004[26]; Moon and Shin, 2018[27]). The long working hours culture and emphasis placed on commitment to the firm among regular employees exacerbate this issue in Korea. Moon and Shin (2018[27]) found that the long working hours culture acts as a barrier to men's unpaid work regardless of their attitudes or characteristics, and that Korea's culture of "work devotion" make it almost impossible for even the most well-intentioned men to contribute much to domestic chores.

There is some cause for optimism, however. The number of parents taking leave in Korea has been growing in recent years, among both mothers *and* fathers. In 2002, the total number of parents (mothers and fathers) claiming parental leave benefits came to less than 4 000, but this had increased to just under 100 000 by 2018 (Figure 3.16). In absolute terms, much of the growth in parental leave users since 2002, concerned mothers rather than fathers. However, over the past 5 years, the use of parental leave by fathers has increased significantly so that they make up 18% of the parental leave takers under the EI-scheme (Figure 3.16).

Figure 3.16. The number of parents taking paid parental leave in Korea is growing

Number of parents receiving parental leave benefits, by sex, 2002-2018.



Source: Statistics Korea (2018[21]), *Index.go.kr*, http://www.index.go.kr/main.do?cate=7.

The low rate of use of maternity and parental leave is a policy concern. Over the years, several measures have been introduced to increase usage. For example, in 2011 the flat-rate payment was changed into an earnings-related payment rate, which contributed to increased take up among mothers, especially among those in higher earnings groups (Yoon and Hong, 2014[28]). In September 2017, payment rates for the first three months of parental leave increased from 40 to 80% of ordinary earnings, while minimum and upper payment limits were also raised.

Furthermore, until recent reform, employees had to work for an employer for the preceding 12 months to be eligible for parental leave, which meant that many workers (especially non-regular workers) did not qualify. Reform in May 2018 reduced the qualifying period to 6 months, which is likely to increase take-up. However, since about 20% of employees have job tenure of less than 6 months in Korea, a significant proportion of employees can be denied access to parental leave by their employer. One solution could be to further shorten the period of continuous employment required to qualify for leave; for example, in Canada, where qualifying periods vary by province. For example, Ontario requires 13 weeks of service, Newfoundland and Labrador require 20 continuous weeks, while Alberta requires a minimum of 90 days with the same employer.

To increase the use of maternity and parental leave by women and men, Korea can draw on the experience in other countries where the use is higher. Measures that can increase take-up include:

- Increasing payment rate of income support during leave. It is difficult to pinpoint an optimal paid leave payment rate, but cross-national evidence suggest that the use of leave by fathers, especially, tends to be higher in countries that provide more generous paid leave benefits. Iceland and Sweden, for example, are leaders in men's use of leave – in both, that share of parental leave days taken by men was close to 30% in 2016 (*OECD Family Database*, Indicator PF2.2). Both also provide relatively generous paid leave benefits: after accounting for payment ceilings, a father on average full-time earnings in Iceland receives payments worth just under 70% of previous earnings, and in Sweden about 76% of previous earnings (*OECD Family Database*, Indicator PF2.1.). Countries such as Denmark and Portugal – where average earners receive benefits worth 53% and 100% of previous earnings, respectively – also have much higher male shares of leave users (27% and 45%, respectively) than Korea. In Germany, an average payment rate of 65 % of previous

earnings, together with a two-month bonus when both parents take leave, has contributed to an increase in fathers' use of leave to 35 fathers for every 100 live births in 2016. Therefore, payment rates of around 55-66% up to a certain threshold over a specified period appear to be a reasonable model to follow (Karu and Tremblay, 2017[29]).

- Options to use leave for shorter periods at higher payment rates. Several OECD countries offer parents a choice between at least two options that take into account their financial constraints and access to alternative childcare solutions (Thévenon, 2018[14]).
- Extending leave entitlements to groups of workers that are not covered so far, such as employees working less than 60 hours per month, domestic workers, and the self-employed. If (some of) these groups are difficult to cover through EI arrangements, it would be worth exploring options to make flat-rate minimum parental leave benefits available to such workers.
- For leave policies to become more effective in Korea, it is also important to develop a more supportive workplace environment and better enforcement of the law (OECD, 2016[2]). A government initiative linking data on health and employment insurance and investigating firms suspected of not allowing workers to take maternity leave is well worth pursuing and should be strengthened where needed (OECD, 2018[1]).

3.4.2. Support for the re-integration of mothers returning to work

Many women have interrupted their career to care for children in the recent past, and many continue to do so. Against this backdrop, several programmes were put in place to help women return to the labour market.

In 2009, the Ministry of Employment and Labour and the Ministry of Gender Equality introduced education and employment support services in one-stop-shop centres to help "mother returners". The *saeil centres* provide assistance such as job counselling and guidance on training and vocational education opportunities. The number of *saeil centres* has more than doubled since 2009, and in 2018, there were 158 of such centres across Korea. About 480 000 women received employment support services from *saeil* centres in 2018, and more than one third of them found their jobs or started their own business in that year (Korean Ministry of Gender Equality and Family, 2019[30]).

There are also financial incentives for SMEs to hire mother returners: SMEs can benefit from a reduction in their corporate tax liability worth about 15-30% of the labour costs of a mother returner (Act on the restriction of special taxation, 2019[31]).

3.5. Developing family-friendly workplaces

To make workplaces more conducive to parents striking a balance between work and family life, the long working hours culture has to be weakened, flexible workplace practices need to be promoted and discrimination against parents who wish to avail of such measures should be addressed. In 2016, the Ministry of Employment and Labour identified the need to spread a culture of going home on time, to improve the corporate culture and to develop flexible work arrangements as key priorities (MoEL, 2016[32]). Progress in this direction needs to be reinforced.

3.5.1. Preventing overwork

To reduce long hours, Korean policy adopted a working time Act in 2017, which reduced the maximum number of legally permitted weekly working hours from 68 to 52 hours. Some industries are not covered by the law, but the number of exempted industries has dropped from 26 to 5 (which involve about 4.5 million workers). The law is being phased in gradually, and became applicable to firms with more than 300 employees, as well as public service departments and publicly funded agencies, on 1 July 2018. Coverage of the law is planned to be extended to companies with more than 50 employees on 1 July 2020 and companies with more than 5 employees on 1 July 2021 (SMEs with less than 5 employees will not be affected). This policy was fairly well received by workers: 64% believe they can spend more time with their families and 55% saw a potentially beneficial effect on their health. However, more than 80% of workers feared that the reduction in working hours would lead to a reduction in pay, and there is a risk that some workers may take on additional jobs to compensate for lost income rather than spend more time with their families. There is some initial evidence that suggests about 20 000 persons have joined on-line taxi services since the law was enacted (Haas, 2018[33]).

Raising employer awareness of the negative effects of overwork and the benefits of reduced working hours is key to increase the prevalence of family-friendly workplaces. The literature suggests that reducing working hours can contribute to greater hourly productivity and a healthier workforce (Box 3.2). In Korea, long working hours are associated with lower job satisfaction, higher psychological distress and lower performance rates (Zhang and Seo, 2018[34]). Furthermore, a 2017 evaluation of the National Assembly Budget Office estimates that a decrease in weekly work hours by 1% can increase labour productivity by 0.79%, without a short-term effect on the number of people in employment (NABO, 2017[35]).

Some large companies have reduced working hours voluntarily in view of the 52 hour working week initiative, including department and hypermarket stores such as Hyundai, Lotte- an oil company, S-Oil and LG U Plus – a telecommunication company (Choi, Bang and Lee, 2018[36]). Arguably most pro-active in this regard was Shinsegae Group (which operates Shinsegae department stores and E-mart hypermarket chains), which since January 2018, reduced weekly working hours to 35 hours while maintaining wage levels. Additional measures that were introduced to achieve the avowed company policy objective to increase productivity and help achieve workers' work and family life balance, included intensive working-hour periods (e.g. from 10-11.30 and 14.00-16.00), automatic PC shut-down at 17.30, and naming (and shaming) divisions (and their managers) that engaged in frequent overtime work (Kim, 2018[37]).

After one year, the Shinsegae E-mart company has seen noticeable improvements in its workplace culture to the general satisfaction of employees (Kang and Shin, 2019[38]). Compared to the year before, the proportion of workers who engaged in overtime work decreased from 32% to less than 1%; the use of meeting rooms per team halved per week, while the meeting duration was often limited to 30 minutes; the average number of daily users of the company health club increased from 140 to 200; and the frequency of socialising after work also diminished. After initial adjustment issues, many workers assess the reduced working-hour schedule as positive since it has given them more time for both time with their families and children as well as personal development.

However, not all workplaces found it easy to join the 52 working-hour per week initiative. Some construction projects found it difficult to complete on time as the original planning was based on a 68-hours working week. Elsewhere, manual workers in the food industry experienced a decline in remuneration as hours were cut, but companies found it difficult to hire new employees, as they are generally located in rural areas rather than cities.

Combating overwork requires a cultural shift and a change in "work organization" in companies. An efficient organisation's overarching goal should involve adjusting workplace culture, so that managers value the prioritisation of tasks, time management, and efficient output over hours in the office. It is important for management to recognise that long hours are not necessary for high-quality work, and beyond a certain point, may run counter to it. Some specific measures that employers can take include:

- Weigh objective output more heavily than subjective traits when evaluating employees. Subjective traits (e.g., co-cooperativeness) may be unfairly biased by the physical presence of employees, whereas outputs like the number of projects or project quality are arguably more objectively measurable across employees with different hours in the office (Elsbach and Cable, 2012).
- Keep overtime spells short, as evidence suggests that employees can only work for more than 40 hours per week for a few weeks, before productivity declines.
- Be aware of the effects of overtime. Reconsider scheduling practices and job design, and introduce health protection programmes for employees in jobs that often involve overtime (Dembe et al., 2005[39]).

Box 3.2. Long working hours affect hourly productivity

The long working hours culture is persistent and widespread in Korea. However, while productivity does increase with hours worked up to a point, recent evidence suggests that productivity decreases with working hours in many economic sectors and falls sharply after around 50 hours a week (Dolton, 2017[40]) (Collewet and Sauermann, 2017[41]) (Pencavel, 2015[42]). After five eight-hour days, productivity plateaus and then declines as workers' anticipate adding extra hours and produce less in each hour. Their risk of accidents and errors increases, and miscommunication and poor decisions are more likely. Workers' health suffers, too, which also contributes to diminished productivity.

Why does this happen? Fatigue and stress reduce the ability to function, and employees may produce less per hour if they anticipate having to stay at work longer. In addition to lower worker morale and increased errors, the difficulties in providing materials, tools, equipment, and information at a "faster" rate cause efficiency losses (Thomas and Raynar, 1997[43])

Long hours increase the risk of errors, accidents, and injuries across industries (Pencavel, 2015[42]); (Dembe et al., 2005[39]). In the medical field, for instance, doctors, nurses, and medical interns make more errors in treating patients (Rogers et al., 2004[44]); (Flinn and Armstrong, 2011[45]), and workers are more likely to be involved in motor vehicle accidents (Barger et al., 2005[46]) after working long shifts. Performance on tasks that require focus and concentration worsens as a function of time, a phenomenon known as "vigilance decrement" (Ariga and Lleras, 2011[47]). Put simply, it is hard to concentrate on a task for a long time.

Workplace decisions and relationships suffer. Long hours contribute to decision fatigue, as making too many decisions throughout the day deteriorates the quality of choices. Workplace intangibles like emotional intelligence and interpersonal communication are also adversely affected by long hours. Overworked employees are more likely to be sleep-deprived (Faber, Häusser and Kerr, 2017[48])(Faber et al., 2015), which, in turn, reduces empathy towards others, weakens impulse control, diminishes the quality of interpersonal relationships, and makes it harder for people to cope with challenges (Killgore et al., 2008[49]).

Long work hours are also linked to poor physical health, which is bad for workers and for companies interested in retaining healthy employees. One obvious consequence of long work hours is a greater likelihood of workplace accidents, but there are also chronic risks such as increases in coronary heart disease, depressive episodes, and alcoholism (Virtanen et al., 2012[50]) (Virtanen et al., 2015[51]). Prolonged exposure to psychological stress, poor eating habits, lack of leisure time, and insufficient sleep take their toll.

Long working hours hurt families and partnerships, as well. Evidence across countries shows that children are negatively affected by their parents' non-standard work schedules, which include work at night and on weekends. Parents are more likely to be depressed, parenting quality is likely to suffer, children and parents spend less time together, and the home environment is less supportive overall, especially in low-income families (Li et al., 2014[52]).

Long hours affect both sexes, but have gendered effects. In Korea and Mexico, fathers tend to lose time with their families, while mothers often drop out of the workforce entirely. The wage premium to long hours has been identified as a crucial remaining obstacle to gender pay equality (Goldin, 2014[53]). Within the workplace, men and women often break from long hour norms in different ways. In one US consulting firm, for example, researchers found that men pretended to work 60- to 80-hour weeks by strategically timing when to send emails, scheduling phone calls at odd hours, and discreetly taking leave without formal permission. In contrast, female workers were far more likely to make formal requests of reduced hours, and were consequently marginalised within the firm (Reid, 2015[54]).

Diminishing productivity of knowledge workers might be harder to quantify than that of manual workers, but many of the negative effects still exist: long hours contribute to stress, sleep deprivation, disagreements with colleagues, and mistakes on the job. Even software engineers argue that programming errors are more likely to occur (and take longer to fix) after long hours, despite the tech industry's glorification of seemingly endless workdays (Robinson, 2005[55]).

Why do long hours of work persist?

Given the negative effects of long work hours, why do so many workers across the OECD still spend over 40 hours per week on the job? Both employer and worker behaviour play a role in perpetuating long hours. In many businesses, long work hours are a part of organisational culture and a way for employees to show that they are loyal and "ideal" workers (Cha and Weeden, 2014[56]) (Sharone, 2004[57]). For workers with lower incomes or unstable jobs, working additional hours may simply be a financial necessity. Fear of job loss is another key factor.

Employers, in turn, have been slow to realise that additional time in the office does not usually add value. Some research suggests that the wage premium for long hours is actually on the rise (Cha and Weeden, 2014[56]). Leaders and managers in organisations, who likely made time sacrifices to reach their current rank, often have difficulty accepting that work can be done in fewer hours. In some workplaces, "non-compliers" – those employees who opt to take flexible work hours and family leave – may actually be punished via denied promotions, reduced visibility to superiors, or exclusion from important projects. In-office "face time" remains an important metric of evaluating employees, even if it does not correspond with output (Elsbach and Cable, 2012[58]).

- Instituting, publicising, and encouraging flexible work arrangements for both mothers *and* fathers can destigmatise taking time off for family reasons. This can also improve career and earnings opportunities for women within firms and help with the recruitment of a more diverse workforce. To this end, the Ministry of Employment and Labor publishes a brochure to share the experience of businesses that have successfully completed the transition to reduced working hours.
- Give workers consistent schedules from week to week as much as possible, so that they can better manage work-life balance. This is especially important for low-income workers, who often struggle to find consistent and reliable childcare when their shifts suddenly change.

Managers should lead by example in working reasonable hours, as they are key to ensuring that workers feel comfortable ending their workday on time and have more job-satisfaction (Kim, Lee and Sung, 2013[59]). Field research in Korea shows that managers' working hours and the perceived workplace overtime climate are the main reasons why employees work long hours (Zhang and Seo, 2018[34]).

3.5.2. Promoting flexible working arrangements

Workplace flexibility encompasses a range of practices that enable workers to adjust their work schedules and hours. They range from reduced hours and flexitime options (such as starting and finishing work at different times without reducing earnings) to more advanced options, e.g. working "compressed" weeks (working an extra hour each day and to get Friday afternoon off) or using "time accounts" to spread working hours across weeks or months. Workplace flexibility also includes working from home or teleworking. Greater access to such practices can reduce the number of workers who experience stress at home and/or at work, and thus diminish absenteeism and increase productivity (Bond and Galinsky E., 2011[60]). Flexible working arrangements are most likely to be widely available when they fit in with production and workplace organisation processes, so that their use enhances both workplace efficiency and worker well-being. Ideally, the implementation of flexible working time arrangements and associated policies is subject to regular evaluation to improve their functioning.

The reduction of working hours is one of the most common flexible workplace arrangements. Most OECD countries (24 out of 36 countries) allow workers to reduce working hours during their child's early years. In most cases, this is to permit breastfeeding, but in several cases it has become a general right that can be taken for any reason and/or by the father (e.g. in Japan, Portugal, Slovenia and Spain). Women reducing their working hours in this way are entitled to earnings compensation, except in Austria, Japan, the Netherlands, Norway and Switzerland. In Korea, after childbirth, a female worker is entitled to a 30 minutes break two times a day to feed a child under 12 months (including breast-feeding and bottle-feeding).

Table 3.2. Statutory rights to flexible work arrangements for family reasons, selected countries

	Reduced hours		
	Working time arrangement for nursing and breastfeeding	Other circumstances	Right to request flexible work[2]
Australia	No	No	Yes
Austria	90 minute break per day	Yes[1]	No
Belgium	30 minute. break per day if work up to 7.5 hours; 1 hour if work longer	Yes[2]	No
Canada	No	No	No
Denmark			No
Finland	No	Yes	No
France	No	Yes[3]	No
Germany	60 to 90 minutes break per day	Yes[4]	No
Iceland	No	No	Yes
Korea	30 minutes twice a day until child 12 months	No	No
Netherlands	up to a quarter of working hours until child nine months old	Yes	Yes
New Zealand	No	Yes, to 10 years[5]	Yes
Portugal	2 hours per day until child 12 months; can be taken by either parent	Yes, to 12 years	Yes, until child is 12 years
Spain	1 hour per day for 9 or 12 months (public sector); can be transferred to father	between an eighth and a half to 12 years, or longer if child with disability	No
Sweden	-	Yes, reduced by 25 per cent up to 8 years.	No
United Kingdom	No	paid time-off for both parents for ante-natal care[5]	Yes to all employees
United States	Reasonable break time in private place (larger employers only)	No	No

Note: 1. Austria: In Austria the parents of children aged up to 4 or 7, depending on the size of the company, have the legal right to reduce their working time and/or to change their working schedules. This right may be exercised at any time from the end of the period of maternity leave or full-time parental leave (until the child's 4th birthday in companies with up to 20 employees or the 7th birthday of the child in larger companies).
2. In Belgium, private sector workers with 24 months of service with their employer are entitled to up to 48 months of care leave over the course of a career to care for children or family members. Such leave may be taken in the form of part-time work and carries entitlement to social security benefits Under the Time Credit system, companies must approve requests unless they employ fewer than 10 employees or more than 5% of the total workforce are currently already using the Time Credit system.
3. Workers in France may work part time, again subject to the employer's right of refusal (see below) and may in addition request annualised part-time hours and a reduction in their working hours in the form of one or more weeks of leave of absence, on the basis of family commitments, which allows employees with dependent children to fit their working pattern around the school year.
4. Under "Familienpflegezeit", employees in firms with more than 25 employees are legally entitled to work part-time (minimum 15 hours per week) for up to 24 months and/or to take full-time leave for up to 6 months to care for a dependent relative. Employees in firms with 16 to 25 employees are entitled to part-time work or full-time leave for up to 6 months. Firms with fewer employees can refuse requests on any grounds.
5. In New Zealand and the United Kingdom, changes to working hours and/or other work arrangements granted under the entitlement to request flexible working result in a permanent change in the contract, unless the employee and employer agree at the time of request that the change is for a set and specified period of time.
Sources: International Network on Leave Policies and Research, https://www.leavenetwork.org/introducing-the-network/, and the ILO Working Conditions Laws Database.

In Korea, employees with 8 years old or younger children have a right to reduce their working hours. The government also provides SMEs with subsidies – KRW 300 000 (USD 247) per employee per month – to reduce the cost born by companies associated with the reduction in working hours. Financial support ranging from KRW 240 000 (USD 218) and 400 000 (USD 364) per employee per month is available to top up the reduced salaries of employees with reduced working hours. The Labour Standard Act also introduces possibilities to use flexible working hours (Box 3.3). About 8.4% of wage workers use flexible working arrangements (Statistics Korea, 2018[61]), but the use is rather low compared to practices in Europe. For example, 3 out of 4 European employees enjoy some form of flexible working, though shares vary from 50% in Greece to 90% in the Netherlands and the Nordic countries (OECD, 2016[62]). However, the development of flexible working time is promising for the future since four in ten wage (38.0%) workers who have not used flexible work arrangements report that they would like to use it in the future.

In most countries, access to reduced-hours working arrangements is a matter of right (albeit in some cases subject to satisfaction of one or more conditions pertaining to continuous service, size of employer, etc.). For instance, in Sweden, parents with a child under 8 years of age can reduce their working hours by 25% and receive proportionate earnings with no loss of their social security rights. In Germany, a parent working in a firm with 15 employees or more has the right to reduce their working hours to between 15 and 30 per week, and German policy is also committed to stimulating fathers to make use of part-time employment options, thereby making these more "gender neutral" and socially acceptable (OECD, 2017[17]). Rights to reduced working time and other flexible working time are also granted in many other OECD countries (Table 3.2).

Entitlements to part-time work can be conditional on workers having parenting or other caring responsibilities, while in a few countries, all employees can apply regardless of their family situation. For example, employees in the Netherlands, in companies with at least 10 employees, are entitled to change working hours (e.g. work part-time) unless the employers refuses the request because of compelling business reasons, which the employer would have to specify. In the Netherlands, the conditional entitlement concerns the employee's existing job on reduced hours, rather than a transfer to a another part-time job. In order to apply for a change in working hours, the employee has to have one year of continuous service and provide four months' notice.

Legislation in the United Kingdom grants workers a general "right to request" to access flexible working time (including part-time hours, changes in working-time arrangements and/or place of work) in the United Kingdom. When introduced in 2003, the legislation only applied to parents of young or disabled children. It was extended in 2011 to all parents with children (up to age 17), but in 2014 this condition was removed to prevent discrimination of workers with children (on the basis that they might apply for flexible working time).

Governments can help extend the coverage of flexible workplace measures by: encouraging on the issue; supporting a range of initiatives towards greater sharing of best practices amongst stakeholders; and by encouraging/financially supporting audits of companies to improve the family-friendly nature of workplaces. For example, in Germany in 2015, various stakeholders (including employer associations and unions) signed a memorandum on the "New Reconciliation" of work and family life ("Die Neue Vereinbarkeit") (OECD, 2017[17]). The memorandum identifies areas of progress (e.g. greater awareness of flexible working hours in companies), but also surrounding existing challenges, and it develops guidelines for a successfully balance of work and life across the life cycle for employees and companies. This includes promoting reduced full-time working hours, i.e. less than 40 hours per week, particularly with regard to employees with care responsibilities for small children.

Box 3.3. Flexible work arrangements in Korea

The labour standard law of Korea stipulates the use of flexible work arrangements, which allow employees to adjust their working-hours and workplace within the maximum 52 working-hours per week framework (The Labour Standard Act, 2019[63]) (Korea Ministry of Employment and Labour, 2017[64]).

- **The flexible work hours system** (Article 51) allows employees to extend their working hours for some periods and reduce them at others for seasonal reasons or otherwise in either a two-week or a three-month timeframe, as long as the average working is 40 hours per week across the period (not including overtime and holiday work). In case of the two-week timeframe, employees can increase working hours on a particular day to 12 hours subject to a maximum of 48 per week. In the three-month timeframe, the maximum daily and weekly working hours are 12 and 52 hours, respectively.
- **The selective work hours system** (Article 52) allows employers and employees to set the total working time for a renewable period up to a month at maximum as long as the overall working time averages to 40 hours per week, whilst giving employees control over start and finishing times during the period.
- **Recognising working time outside the workplace** (Article 58-1, 2) aims to reward workers for working time that is difficult to specify (such as business trips)
- **Compensation leave** (Article 57) allows employers to grant a paid leave to compensate workers for additional working hours (e.g. overtime).
- **The discretionary work system** (Article 58-3) gives employees full control over his/her allocation of working hours needed to complete a specific task in a given timeline.
- **The telework system** allows employees using modern technology to work from another location than the ordinary workplace for all or part of their working time.

Source: The Labour Standard Act (2019[63]), https://elaw.klri.re.kr/kor_mobile/viewer.do?hseq=46242&type=sogan&key=6; Kang, Kim and Ahn (2018[65]), Discretionary work system, http://news.mt.co.kr/mtview.php?no=2018112718364188866.

No matter the level of policy support, progress in communications and mobile technologies will continue to provide more opportunities for many employees to work with flexible schedules, including working from home. Moreover, technological progress is likely to affect different jobs and occupations in different ways, which may widen rather than reduce inequalities in teleworking, and affect male and female employees differently given the existing gender segregation in employment (OECD, 2017[66]) (OECD, 2019[67]) (Chung, 2019[68]). Teleworking provides opportunities, but it also increases the risk that by working longer at home, the frontier between work and family life becomes more blurred. Industrial practice in Germany offers examples of sectoral or company-level agreements regulating out-of-office work. For example, in January 2014, German car manufacturer BMW reached an agreement stipulating that all employees are allowed to register time spent working outside the employer's premises as working time, which opened up the possibility of overtime compensation. Employees are also encouraged to agree on fixed "times of reachability" with their supervisors.

3.5.3. Tackling labour market discrimination

For employees to freely use their rights to parental leave or flexible working time measures, they must be free of concerns that exercising their rights will have repercussions in terms of, for example, contract renewal or career progression. An effective legal system to combat such discriminatory practises can help allay such fears, and most OECD countries have put in place robust laws to combat gender discrimination

in terms of wages, access to social protection rights, child-related leave entitlements or working time flexibility measures. (Timmer and Senden, 2019[69]). These laws also aim to address indirect discrimination that occurs where an apparently neutral provision, criterion or practice would put persons of one sex at a particular disadvantage compared with persons of the other sex, unless it is objectively justified by a legitimate aim. For example, less favourable treatment of part-time workers often amounts to indirect sex discrimination, as most part-time workers are women.

In Korea, the "Equal Employment Opportunity and Work-family balance Assistance Act" protects women against certain forms of discrimination. The law stipulates in particular that when recruiting or employing female workers, no employer shall consider physical conditions including appearance, height, weight and unmarried status. The law also requires that the employer shall provide equal pay for work of equal value, and that no employer shall engage in gender discrimination when providing benefits, training, or deciding on job assignments or promotion. It also gives the Ministry of Employment and Labour the possibility to oblige employers to put in place proactive measures to eliminate discriminatory practices and improve the situation of women in companies – in line with the affirmative action plans put in place several years ago (Box 3.5). Since 2017, the law has also included a chapter to combat sexual bullying harassment cases (enforceable since May 2019).

Recent cases, which have received widespread media coverage, illustrate that gender discrimination in the workplace also involves large companies (The Business Times, 2018[70]). Three of South Korea's largest banks have been accused of setting ratios for male and female recruitment, lowering women's test and interview scores and raising men's to hit the targets involved. A total of 18 executives have been charged or convicted, including the chairman of Shinhan Financial Group, the country's second-biggest lender. Discrimination is still apparent in many Korean human resource (HR) practices ranging from initial recruitment to contract termination (Patterson and Walcutt, 2014[71]), and new mothers are most likely to leave employment on childbirth when they work in male-dominated occupations where traditional notions on gender roles persist (Cha, 2013[72]) (Cho, Kwon and Ahn, 2010[73]).

There are different reasons for the persistence of gender discrimination in Korean workplaces. These include a lack of legal enforcement, a weak punishment system, a tacit acceptance of the status quo by women, prevailing traditional notions on gender roles and a general lack of knowledge on existing laws and regulations among companies, especially smaller ones (Rowley and Warner, 2014[74]) (Patterson and Walcutt, 2014[71]). Additional factors include the lack of effectiveness of Korea's Affirmative action plans; the concentration of unskilled women in small firms and the employment sectors with a relatively high concentration of female workers have not assumed leadership roles in promoting affirmative action (Cho, Kwon and Ahn, 2010[73]).

To tackle discrimination effectively, Korea can do more to ensure compliance with and enforcement of employees' rights. Several elements are important to make sure that non-discrimination laws are enforced, although practices may vary from country to country (Timmer and Senden, 2019[69]):

- Workers who file a complaint or instigate legal proceedings have to be protected against dismissal or any adverse treatment that may occur because they undertook such action.
- Proving discrimination is inherently difficult. Many national gender equality laws, therefore, put the burden of proof on the employer to make the case that he/she has not taken any discriminatory action.
- Extend the capacity of the Labour Inspectorate to police and enforce adherence to anti-discrimination legislation. In 2016, the number of workers per labour market inspector was just over 20000 per worker, the ILO norm for transition countries. The Ministry of Employment and Labor planned to increase the number of inspectors to around 2000 in 2019, which would diminish the ratio to about 13 500 workers per inspector, which is closer to the norm for "developed countries" – 10 000 workers per inspector (OECD, 2010[75]).

Box 3.4. Violence against women in Korea

As in other OECD countries, Korean society views violence against women (VAW) as a serious social issue, and the Korean government is putting efforts in place to address it.

Over the last decade, the prevalence of femicide (intentional female homicide) has reportedly decreased in Korea, while that of new forms of violence against women are on the rise (Kang, 2018[76]). The prevalence of reported sexual harassment and violence doubled between 2007 and 2016, from 29.1 cases per 100 0000 to 56.8 cases per 100 000. This might reflect raised public awareness, a higher likelihood of reporting, and/or strengthened government intervention on the cases of violence against women. In general, cases of violent sexual crimes including rapes are decreasing, while those of forced harassments and digital sexual crimes (such as taking or videotaping secret shots with smartphones and other devices) have increased greatly. The prevalence of dating crimes has also increased, jumping from 14.9 per 100 000 in 2012 to 19.9 in 2017. The majority of these dating crimes were violence and assaults (73.3%), arrests, detentions or threats (11.5%) (Kang, 2018[76]).

Domestic violence within the home is another common form of violence against women, typically (though not always) carried out by men against women. In 2016, the *Korean Fact-finding Survey on Domestic Violence* found that 12.1% of female spouses experienced domestic violence over the preceding year. This included physical violence, emotional violence, economic violence, and sexual violence. 8.6% of male spouses had also experienced domestic violence in the preceding year, most often taking the form of physical violence, emotional violence, economic violence, and sexual violence (Korea Ministry of Gender Equality and Family, 2016[77]).

Studies show that socio-cultural factors affect public attitudes towards sexual violence in Korean society. In particular, Korea's patriarchal and male-centred culture contributes to a level of victim blaming when sexual violence occurs and hinders social and public interventions (Park, Han and Yoo, 2008[78]). One study of university students reports that those who have more negative attitude towards women, a higher acceptance of violence, and more hostile attitudes towards gender issues in general also think that victims should take more responsibility for sexual violence and are less likely to support the penalisation perpetrators (Kim and Park, 2011[79]).

The Korean government is putting in place several measures aimed at tackling VAW. The Ministry of Gender Equality and Family and its related service centres, provide systemised support services for the victims of VAW. Women suffering violence are able to reach counsellors or police officers by phone, and move to emergency shelters, if necessary. The Sun Flower centres, 38 one-stop service stations across the country, collect evidence of violence and provide first aid to victims of sexual and physical violence. Counselling services, including physical and emotional rehabilitation services, are provided by counselling centres such as domestic and sexual violence centres, and victims can stay at protection facilities if necessary.

In the same vein, in 2016, the National Police Agency introduced Anti-Abuse Police Officers (APO) to support women suffering from domestic violence and abuse. In principle, APOs are supposed to visit every household reporting domestic violence if victims do not explicitly refuse, and APOs regularly monitor perpetrators when the court has issued a restraining order.

The Korean government continues campaigns to raise public awareness on VAW. In 2014, the Ministry of Gender Equality and Family started the BORA Day campaign, designating the eighth of every month as a "BORA Day" (literally meaning the "*look-again day*"), when the public is encouraged to pay more attention to their neighbours to prevent and detect domestic violence. The Ministry regularly produces and distributes video or textual materials to prevent violence against women. Several laws – the Basic Act on Gender Equality, the Act on the Prevention of Prostitution and Protection of Victims, and the Act

on the Prevention of Domestic Violence and Protection of Victims – oblige national and local governments, schools, kindergartens, and other public agencies to provide training on prevention of sexual harassment, prostitution, and domestic violence.

On average across OECD countries, almost one in three women report not feeling safe when walking alone at night, compared to one in five for men, and Korea is not an exception (OECD, 2019[80]). Several local governments have introduced programmes to ensure women are safe when returning home. For example, in 2013, the Seoul metropolitan government introduced the "*women's safe way back home"* service – a service providing escorted transport from subway stations or bus stops to the home on advance appointment made over the phone or via an app. In addition, several local governments have developed smart police systems based on closed-circuit television (CCTV) and their own *safe way back home* apps (Yoon, 2018[81]). Under the smart police system, agents at integrated control centres in each city detect crimes using CCTV and information from apps transmitted by app users. Police officers are dispatched if a dangerous situation is detected.

- The imposition of adequate sanctions on employers who are found culpable of discriminatory behaviour. Sanctions are diverse and depend on the nature of the infringement and could include: the annulment of unlawful provisions, nullify dismissals, or reinstatement of workers. Employees may be provided with financial compensation and, in some cases, criminal charges could be brought against perpetrators. For example, discrimination in the workplace may lead to imprisonment in Belgium, for one month to one year. The Finnish Penal Code prohibits discrimination at work based on sex and several other grounds with penalties varying from a fine to a maximum of two years imprisonment.

  Ensure that alleged victims of gender discrimination have adequate access to courts: a lack of procedural knowledge, the slowness of proceedings and the associated cost can act as an important barrier to access to justice.

Social partners, alongside NGOs and other stakeholders, are also called upon to play a part in the realisation of gender equality. Many countries seek to promote social dialogue between the social partners to foster equal treatment. This could include the monitoring of collective agreements and codes of conduct, the dissemination of research and/or exchanging experiences and good practices in the area of gender equality in workplaces. For example, France has a long tradition of involving social partners mainly through the obligation to annually negotiate and to conclude agreements on gender equality. Since 2012, sanctions can be imposed on companies that do not respect this obligation.

About two-thirds of OECD countries have introduced wage transparency measures to address wage inequalities since 2013 (OECD, 2017[66]). For example, in Australia, all non-public sector employers with 100 or more workers have to provide the Australian Workplace Gender Equality Agency (WGEA) with information on a range of issues including: the prevailing remuneration policy, the remuneration profile of managers and non-managers by gender; and data on the number and proportion of employees who were awarded promotions by gender and employment status. WGEA offers a comprehensive website with guidance on reporting requirements and a gender pay gap calculator, which is intended to help organisations identify and analyse the causes of various types of gender pay gaps.

In Iceland, a law came into force in January 2018 that requires companies with 25 or more employees to "prove" every three years that they pay men and women equally for work of equal value. If the companies are not certified in this manner, a daily fine will have to be paid. To carry out this assessment, employers are obliged to define a wage attached to the position and not to the person, and it is up to the employer to "prove" that he or she does not discriminate.

Box 3.5. Affirmative Action plans in Korea

Like many other OECD countries, Korea has been taking firm steps to reduce gender gaps in employment through three-stage affirmative action plans (Korea Ministry of Employment and Labour and Korea labour Institute, 2015[82]). In 2006, the Korean government introduced an affirmative action programme that only applied to public and private workplaces with 1 000 or more employees, but since 2019, the law applies to those companies with 300 employees or more. As of 2018, 2146 workplaces have implemented affirmative action programmes (Korea Ministry of Employment and Labour, 2019[83]).

Workplaces are expected to reach a female-to-male workers ratio that, since 2015, is equal to 70 % of the industry average. The completion of a three-stage affirmative action programme takes three years. In the first year, workplaces are required to submit a report on employment data by gender. In the second year, companies that have not reached the gender employment target have to submit an 'affirmative action plan' including a realistic timeline: a report on affirmative action implementation has to be submitted in the third year (Korea Ministry of Employment and Labour, 2019[83]). At each stage, the Ministry of Employment and Labour assesses the submitted reports, gives feedback to workplaces, urge implementation, in extremis, name and shame workplaces that are not acting on their plans.

There are financial incentives to comply with affirmative action plans. For example, companies required to meet the affirmative action plans can benefit from free consulting services on how to close gender gaps in their workplace. Companies that complete the affirmative action programme successfully can obtain additional points for public procurement assessments.

In workplaces covered by the affirmative action programme, female employment increased from 30.1% in 2006 to 38.2% in 2018, while the ratio of women in the managerial positions in the companies covered doubled to 21% over the same period (Korea Ministry of Employment and Labour, 2019[83]). From 2019, public institutions – including 36 public enterprises, 932 quasi-government agencies, and 210 other public institutions are also obliged to disclose their gender pay gap status in public, and set targets to increase the gender balance on company boards (Act on the Management of Public Institutions, 2019[84]).

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4 A care and education policy fit for parents and children

This chapter looks at the formal education and care practices in Korea. It first establishes how much time Korean children spent in formal care and education services, including the system of private education services that is widely used as from an early age.

The chapter considers the rapid and remarkable development of Korea's extensive Early Childhood Education and Care (ECEC) system as well as the supports for Out-of-Schools Hours Care (OSH). It also considers how the focus in ECEC- and OSH-care services is increasing on improving quality.

The fierce competitive nature of the education environment in Korea has implications for the cost of education to household budgets, but also on the well-being of Children. This final section of this Chapter considers implications for child well-being, and discusses issues around achieving a greater "child-focus" in policy development.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

4.1. Introduction and main findings

Among the many changes in Korea over the past decades, the sustained increase in educational attainment among the Korean population stands out as remarkable (Chapter 2). Almost all men and women in the 25-34 age group have obtained at least upper secondary education in Korea, which is 7.5 percentage points above those in the 45-54 age group and 13.5 percentage points above the OECD average (OECD, 2018[1]).

The increase of educational attainment has led to Korea's high educational mobility and the development of a highly skilled labour force with employment participation close to the OECD average. Education is of major importance to Koreans: it is widely regarded as the key to individual progress. Many parents, therefore, invest in supplementary private education for their children to position their children as well as possible for entrance into the most prestigious university courses and ensure access to job-secure well-paid careers. From a very early age, Korean parents and their children enter an educational struggle to get ahead that involves daily participation in schools, after-school programmes, and private cramming schools or "Hakwon". For children, this means they spend a considerable amount of time in school or studying, while education costs to parents in Korea are well above the OECD-average, and may contribute to Korean parents not having as many children as they would otherwise like (Chapter 5).

To help parents reconcile work and care commitments and address the associated costs as a barrier to having more children, Korea developed a comprehensive Early Childhood Education and Care (ECEC) system since the turn of the millennium, and it has also developed subsidised out-of-school-hours programmes to help parents meet education costs and provide care options. However, the widespread use of Hakwon has proven much more difficult to change, as not many parents and children want to jeopardise their preparations for entrance exams in prestigious schools and universities.

This chapter looks at how much time Korean children spend in formal care and education services. It then considers the remarkable development of Korea's Early Childhood Education and Care (ECEC) and discusses relevant aspects of the Korean private education system. The chapter ends with considering implications for child well-being, and issues around achieving a greater "child-focus" in policy development.

Main findings

- Even when children are very young in Korea (0 to 2), they spend a considerable amount of time in Early Childhood Education and Care (ECEC) facilities: very young children in Korea spend almost 7 hours per day in day-care centres and kindergarten: one hour more than the OECD average.
- The regular school day may not be long in Korea (about 4 to 7 hours per day for primary and lower secondary school students, as increasing with age), but 82.5% of primary school students and 69.6% of lower secondary school students participate in private education after their regular school day. On average, primary school students on average spend about 5 hours per day in Hakwon and/or private tutoring, doing homework, engage in other studies or read books. Korean teenagers spend more time studying than teenagers in other OECD countries, and study hours can last until 11-12 p.m. at night.
- Korea has developed a comprehensive ECEC system over the past two decades, largely driven by concerns about persistently low birth rates. Since the early 2000s, public expenditure on ECEC in Korea has increased tenfold to about 1% of GDP in 2016, only below public spending on ECEC in Denmark, Finland, France, Iceland, Norway and Sweden.
- With the development of comprehensive ECEC capacity policy, attention is increasingly turning to quality and child development concerns in ECEC in Korea. The pre-primary education "Nuri Curriculum" for ECEC services was introduced in 2012, and mandatory accreditation of childcare centres was introduced in 2019. However, not all centres are of a standard that befits public ECEC

facilities and there is room for improvement in standardising the curriculum across all centres, enhancing quality standards across more centres and strengthening quality monitoring.

- The ECEC system in Korea involves an extensive range of services for children under school age: centre-based day-care, kindergarten, and childminding services at home. They can also receive public support for additional "out-of-hours" childminding services. Parents who do not benefit from these services can access a "home care allowance" towards full-time parental care, but payment rates are relatively low and there is no evidence they affect labour supply on a widespread basis.
- Korea has developed an extensive system of after school education services provided by the Ministry of Education. The relatively short hours of primary school and the subsidised fees contribute to high participation rates: in 2016, 65.9% of all primary school students attended these after education classes. Denmark and Sweden are the only other OECD countries where over 60% of children aged 6 to 11 go to centre-based out-of-school-hours (OSH) services during a typical week.
- Education in Korea is widely regarded as the key to individual progress and social mobility; therefore, there is widespread investment in education by parents. To position one's children as well as possible for prestigious universities and colleges, parents make use of after-school educational programmes, Hakwon, and/or private tutors to ensure that academic records and entrance exam preparations leave nothing to be desired. It is a fiercely competitive environment in which no parent wants to blink first. As a result, children spend long days in school, Hakwon and carrying out associated homework. Making education less stressful and time consuming is key to improving child- and family well-being.
- Given the development of the private education market, it is no surprise that household spending on private education has increased markedly over the last 35 years. Since 1982, the proportion of monthly household consumption spending on private education (including tertiary education) increased from 1% to 7%. This is a considerable amount of money, which is likely to affect the willingness of prospective parents to have (more) children.
- Greater public spending on education could increase the number of hours in primary education and increase its quality by reducing student-to-teacher ratios, thereby reducing the demand for private education services. The planned extension of coverage of "After-school childcare classes" to all primary schools students and the "roll-out" of community-based care services will also be important. Giving greater weight in university admission processes to broader criteria such as teacher recommendations, service projects, extra-curricular activities and employment experience, will also reduce the need to use private education to prepare for the College Scholastic Aptitude Test (CSAT).
- In terms of educational mobility, Korea comes first among OECD countries. However, as the education-base has widened across generations, the scope of further educational mobility is diminishing. Furthermore, as previous Chapters have shown high educational mobility has not translated into earnings mobility, in view of the pervasive characteristics of the dual labour market in Korea, and limited occupational mobility.
- Korea often performs reasonably well on cross-national measures of children's well-being in education and at school. For example, a relatively high proportion of students report feeling like they 'belong' at school, and a relatively low share report being the victim of bullying. However, long school and study days and working hours in Korea contribute to Korean teenagers being more likely than their peers across the OECD to report that they did not talk to their parents on a regular school day and less likely to take up part-time work, watch TV or the internet or engage in sports and physical exercise. Korean teenagers do not seem to have the time, and are more likely to report low life satisfaction than their peers in most other OECD countries. The high parental expectations on their academic performance affects Korean teenagers' self-esteem and students' perception of control over their own life.

- Care and education policies should focus more on children and adolescents' well-being from the early years of life, and should pay more attention to child development of personal self-esteem, trust, and social skills. To that end, ECEC and afterschool services could make more room for play-based learning, sport training and arts education, which have a positive effect on children's cognitive, emotional and social development. The planned extension of the "after-school childcare classes" to all primary school students is a step in the right direction.
- The Korean government has developed a community-based "all-day care framework" in a whole-of-government approach, involving the Ministries of Education, Health and Welfare, the Interior and Safety, and Gender Equality and Family, as well as local governments and local education offices. This community-based care service network will provide childcare services using school and community facilities (e.g., town halls, local libraries, and local social services), and link and expand current OSH-care programmes. Each local government is encouraged to develop its own type of community-based service network making use of local strengths. For example, greater investment in a better organisation of local service, as through the scheduled roll out of "all together care centres" which can help the delivery of "wraparound care services", so that children are not on their own at any time during the day. Establishing partnerships between various groups of practitioners and stakeholders at the local level, and sharing of best practices in local service delivery can also help further develop high-quality cost effective services.

4.2. Children in Korea: A busy life

4.2.1. Very young children spend a lot of time in childcare and kindergarten

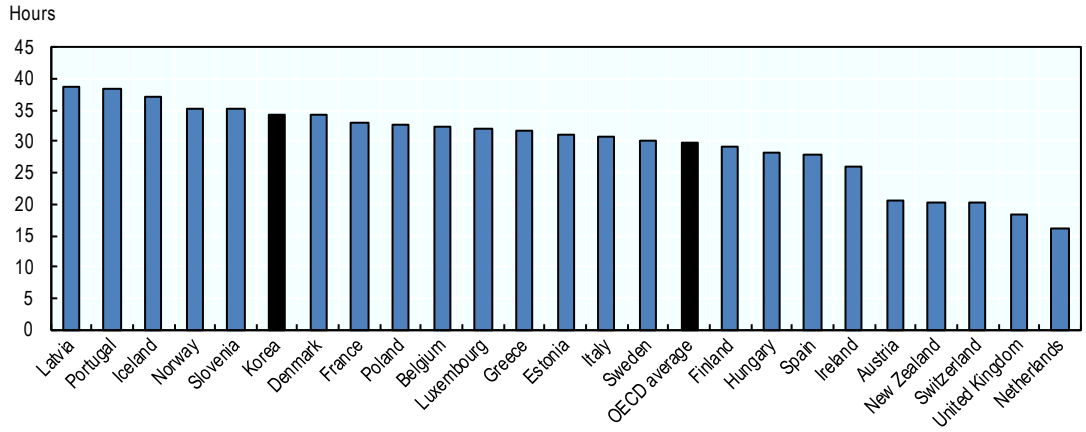
Even when children are very young in Korea, they spend a considerable amount of time in Early Childhood Education and Care (ECEC) facilities, such as day-care centres and kindergarten. Figure 4.1, Panel A, shows that in international comparison very young children in Korea spend almost 7 hours per day in ECEC-facilities, one hour more than across the OECD on average. Figure 4.1, Panel B shows that for young children under age 6, childcare facilities or kindergarten are often the main carer during the day (49%). Even in families with non-working mothers this concerns about 40% of the young children (Korean Ministry of Health and Welfare, 2016[2]). For working mothers (and their partners), ECEC facilities are even more important in terms of care provision during the day, while grandparents are also an important source of care support for such families (Lee, 2011[3]).

Looking across the day, parents are main carers before 9.00, while childcare facilities and kindergarten are the main carers between 9.00 and 16.30-17.30 – up to 52.1% to 24.5% respectively. Relatives (grandparents and siblings) are the main carer for about 12% of the young children between 16.30 until 19.00, and less than 2% of the children under age 6 use a half-day private education after- school service or Hakwon. It is estimated that about 0.1-0.3% of children under age 6 stay alone at home from 3p.m. onwards until their parents come home from work (Korean Ministry of Health and Welfare, 2016[2]).

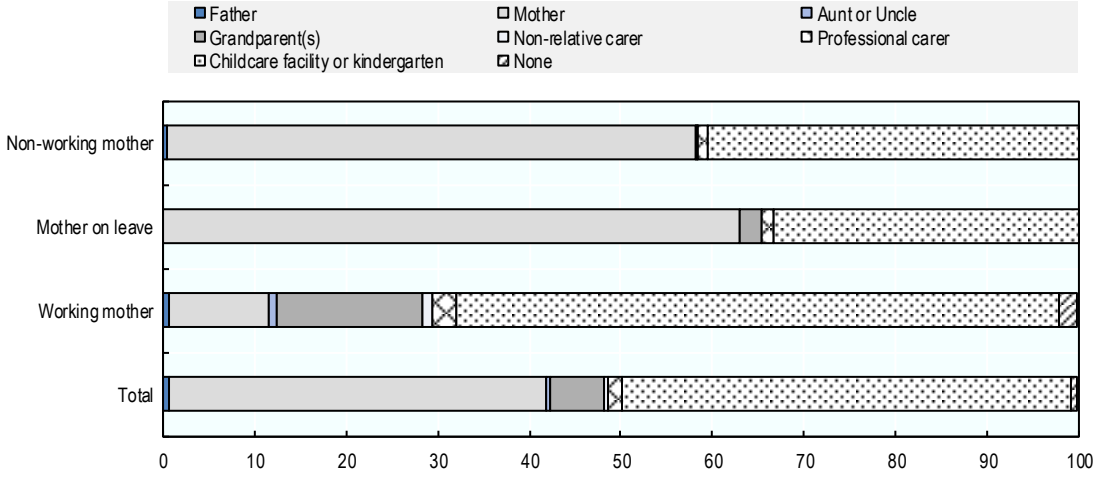
On average Korean children aged 5 spend about 10 hours asleep, 7 hours in ECEC facilities, half an hour in a private education facility or Hakwon, and a bit more than 6 hours on play, using media (TV) and basic daily activities, such as eating, tending to personal hygiene, etc. (Kim et al., 2016[4]). When children move to primary school, they spend 4 hours each day in school, which is three hours less than the average ECEC hours for a 5-year old. However, a Korean 7-year old tends to spend about 2.5 hours per day more in Hakwon and/or out-of-school-hours programmes than a 5-year old enrolled in ECEC (Kim et al., 2016[4]).

Figure 4.1. Average hours in ECEC are relatively long in Korea and for many Korean toddlers childcare centres are the main carer during the day.

Panel A: Average weekly hours for children using early childhood education and care services, 0- to 2-year-olds, OECD countries, 2016



Panel B: Distribution of primary daytime care arrangements for children under age 6, by employment status of the mother, 2015



Notes: Panel A: Data for Switzerland refer to 2014 and for Iceland and Korea to 2015. With the exceptions of Korea and New Zealand, data are OECD estimates based on information from EU-SILC. Data refer to children using centre-based services (e.g. nurseries or day care centres and pre-schools, both public and private), organised family day care, and care services provided by (paid) professional childminders (see OECD Family Database of for more detail). For Korea, data refer to children using centre-based childcare facilities only, and are based on estimates of average daily time in centre-based childcare facilities, multiplied by five.

Sources: Panel A: The Korean Ministry of Health and Welfare (2016[2]), based on the *National Childcare Survey Report 2015*, http://www.mohw.go.kr/react/jb/sjb030301vw.jsp?PAR_MENU_ID=03&MENU_ID=0321&CONT_SEQ=332764&page=1, and the OECD Family Database, http://www.oecd.org/els/family/database.htm. Panel B: The Korean Ministry of Health and Welfare (2016[2]) based on the *National Childcare Survey Report 2015*, http://www.mohw.go.kr/react/jb/sjb030301vw.jsp?PAR_MENU_ID=03&MENU_ID=0321&CONT_SEQ=332764&page=1.

The regular primary school day in Korea is not long in international comparison. A 6-year-old child in a Korean primary school spends a little less than 600 hours in school on an annual basis, compared to close to 800 hours on average for 6-year olds across the OECD (Figure 4.2, Panel A). This figure also shows that school hours are longer for 12-years olds in Korea (about 850 hours per year), but still somewhat shorter than the OECD average for this age group (OECD, 2018[5]). School hours in Korea in compulsory education increase with the age of the student. In general, a first or second year primary school student (age 6-7) is in school from 9a.m. until 1p.m., during which they attend four classes (lasting 40 minutes each), plus lunchtime. Third and fourth year students have five classes and their school day ends at 2p.m. Fifth and sixth year students have six classes per day and their school day usually ends at 3p.m. Students in lower secondary education have six or seven classes (lasting 45 minutes) per day and are in school from 9a.m. until 3 or 4p.m. Students in upper secondary education have 7 classes (lasting 50 minutes) per day and are generally in school from 9a.m. until 5p.m.

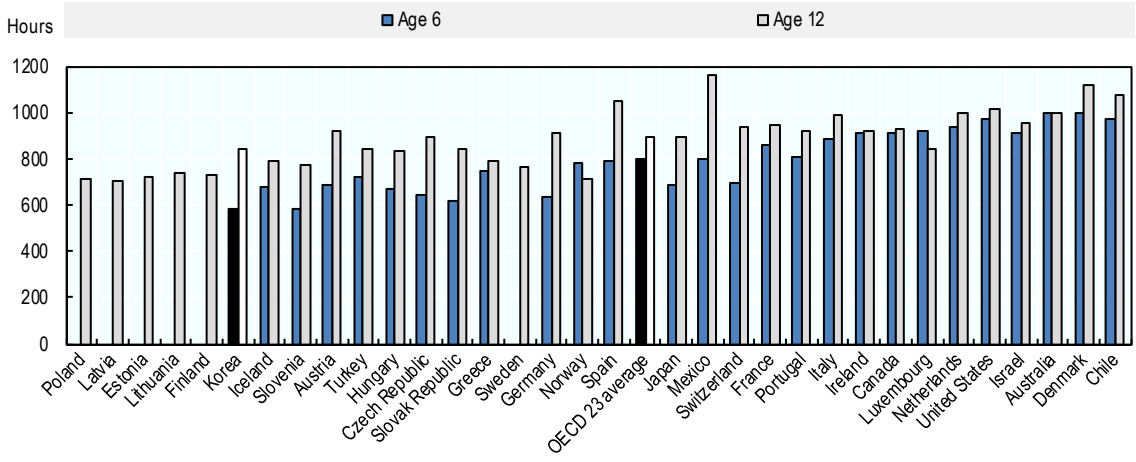
4.2.2. Korean schoolchildren study for a long time each day

The regular school day may not be long, but 82.5% of students in primary education and 69.6% of lower secondary school students participate in private education after their time in school (Figure 4.2, Panel B). In 2018, students in primary and lower secondary education spent about 6.5 hours per week in private education (Statistics Korea, 2019[6]). This number is an average throughout the year (including holidays), and does not include associated homework.

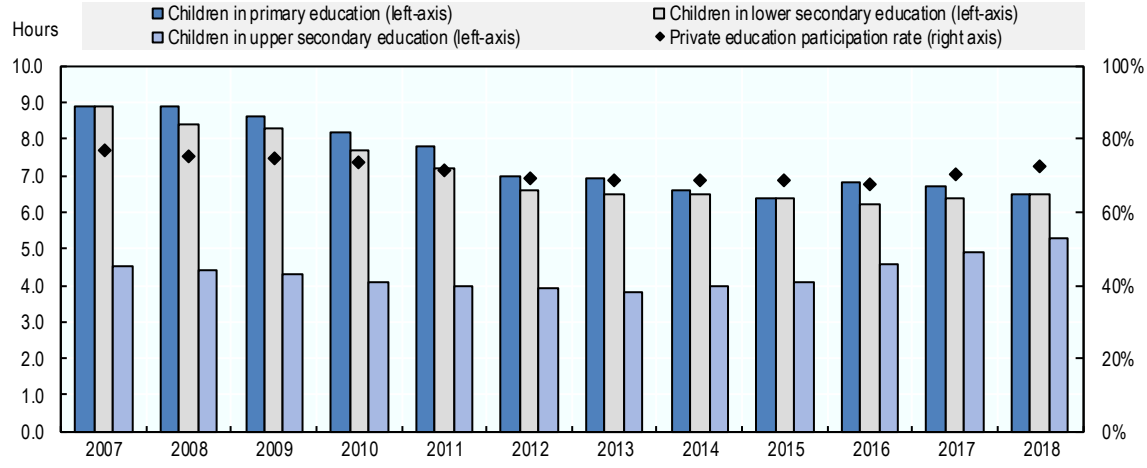
The long day of Korean children is related to their study hours after school – 4.5 to 5.5 hours per day. On a regular weekday, most Korean youngsters spend about 2 hours per day in *Hakwon* and/or private tutoring, while this is about half an hour during the weekend (Figure 4.3). Homework and other studies take about 3 to 3.5 hours a day on a weekday, and about 2 to 2.5 hours during the weekend. Regardless of the amount of time school and private tutoring take, the Korea adolescent survey also shows that 18.4% of children aged 9-12 are at home alone after school for at least 3 days per week. This proportion increases to almost quarter of those aged 13-18 (Korea Ministry of Gender Equality and Family, 2017[7]).

Figure 4.2. Public school hours are not long in Korea, but Korean teenagers spend more time studying than teenagers from almost all other OECD countries

Panel A: Number of hours per year of total compulsory instruction time at age 6 and 12



Panel B: Weekly hours spent by children in private educated, by age group, and overall participation rate in private education, Korea, 2007-2018

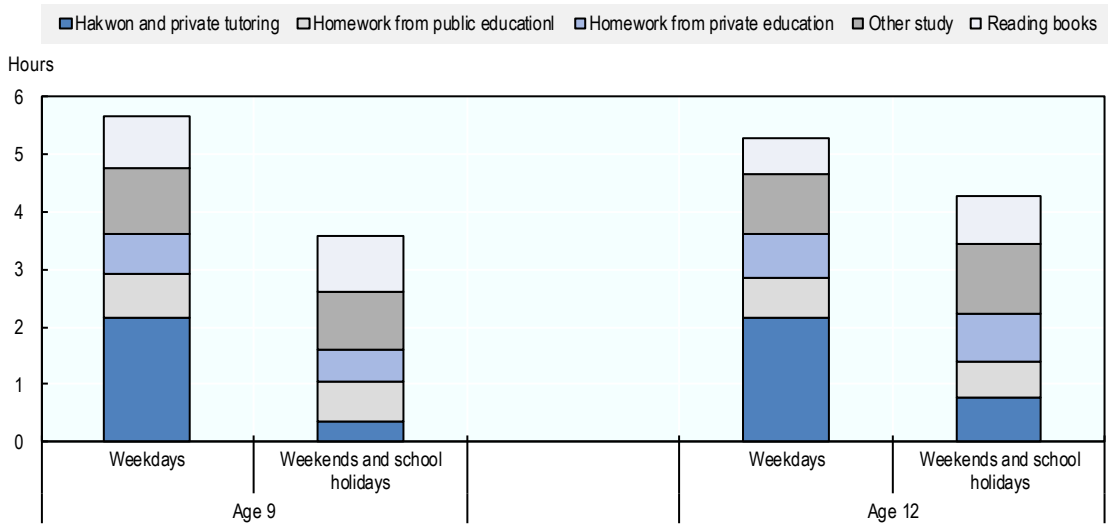


Sources: Panel A: OECD (2018), Education at a Glance 2018: OECD Indicators, http://www.oecd.org/education/education-at-a-glance/, and Panel B: Statistics (2019[6]) Private Education Expenditures Survey, Korea (annual publication), http://www.korea.kr/briefing/pressReleaseView.do?newsId=156321151&pageIndex=1&repCodeType=&repCode=&startDate=2008-02-29&2019-03-12&srchWord=.

Students in primary education frequently use Hakwon for childcare purposes before their parents come home from work (Statistics Korea, 2019[6]). Participation in Hakwon declines with age. In 2018, private education participation rates were 82.5% for primary school students, 69.6% for lower secondary school students, and 58.5%for upper secondary school students. The intensity of participation also declines with age: students of primary, lower secondary and upper secondary schools spend 6.5, 6.5 and 5.3 hours per week in private education, respectively. Students in primary education are more likely to attend private education for art, music, sports and leisure activities (66.4%) rather than the study of general subjects (55%).

Figure 4.3. Children in Korea study for about 5 hours after school.

Average daily hours spent on reading and study, by type, children age 9 and age 12, Korea, 2010

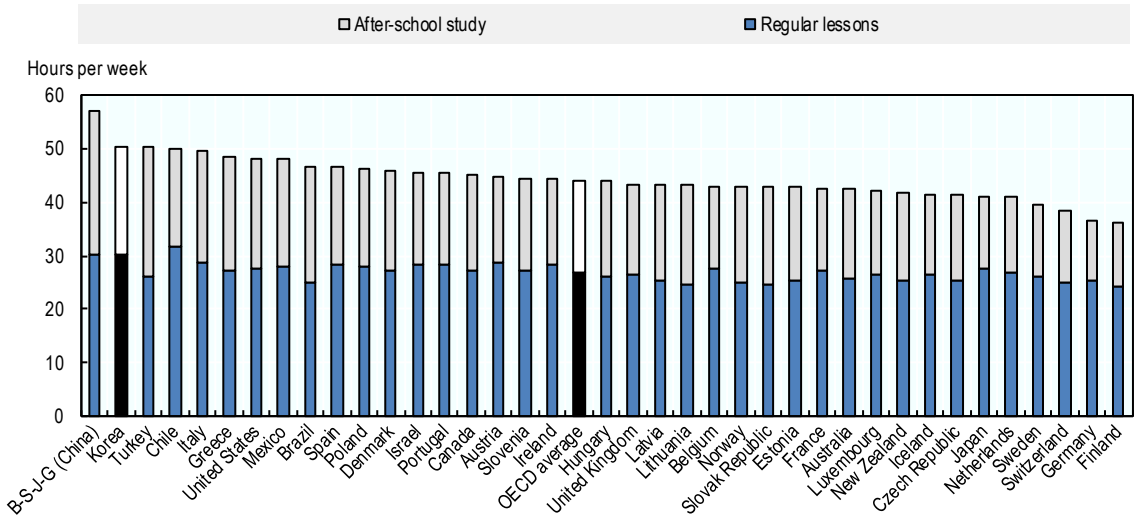


Note: Time use surveys are a key source of information on how individuals allot their time day-to-day. Generally, participants are asked to keep a diary for one or two days per week noting their activities in ten-minute time slots from a prescribed list of activities (OECD, 2016[8]). While such detailed time-use data for Korean children does not exist, there are estimates on how Korean children spend their time based on the Korean Children and Youth Panel Survey (Jung and Jang, 2014[9]). Participants in this panel survey were asked how they spend their time with nine questions, such as 'what time do you go to bed or get up?', 'how long do you spend time in hakwon or private tutoring per day?', 'how long do you spend time on watching TV, video, and DVD for fun per day?' and so on. The participants considered their time-use during regular school days, weekends and school vacation, respectively (Kim et al., 2010[10]). Data presented here concern two cohorts in 2010 – Year 4 in primary school (age 9, n=2 378) and Year 1 in secondary school (age 12, n=2 351).
Source: Korean Children and Youth Panel Survey (wave 1-3, 2010-2012) from (Jung and Jang, 2014[9]).

The OECD Programme for International Student Assessment (PISA), provides some information on time use by 15-year old students (OECD, 2016[11]). Among students across OECD countries, Korean teenagers spend the most time in school and on their studies (Figure 4.4). Figure 4.2 Panel B suggests that the length of their study day has increased further in recent years. Figure 4.4, demonstrates how cross-country variation in total study time is driven almost entirely by homework and private study – the range on time spent in school lessons is 5 to 6 hours per day across countries, while it ranges for 2 to 5.5 hours per day for after-school study.

Figure 4.4. Korean teenagers spend more time studying than teenagers in other OECD countries

Average time spent studying per week in regular lessons and after school, 15-year-old students, OECD and key partner countries, 2015



Note: Time spent studying in regular lessons refers to total learning time in all school subjects, based on students' self-reports. Time spent studying after school refers to time spent learning in addition to the required school schedule, including homework, additional instruction and private study, again based on students' self-reports. B-S-J-G (China) refers to Beijing-Shanghai-Jiangsu-Guangdong (China).
Source: OECD (2016[11]), *PISA 2015 Results (Volume II): Policies and Practices for Successful Schools*, PISA, OECD Publishing, Paris, https://doi.org/10.1787/9789264267510-en.

4.3. Korean ECEC policy in international perspective

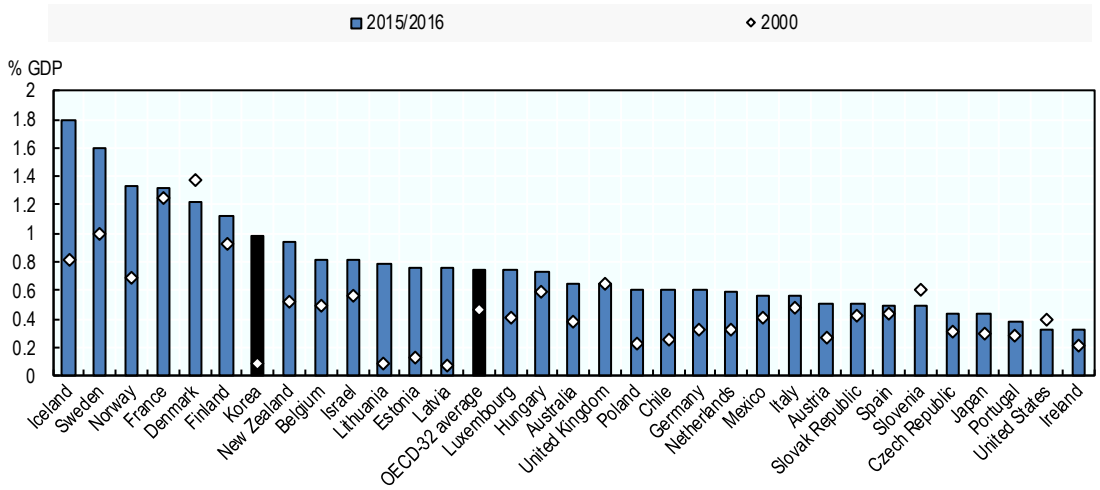
4.3.1. Korea has developed a comprehensive ECEC system over the past two decades

The amount of time Korean children spend in day-care and kindergarten reflects the comprehensiveness of the modern Korean ECEC system. It was not always so, but over the past two decades the ECEC system has expanded rapidly to what it is today. Since the early 2000s, the Korean Government has introduced a series of major reforms aimed at increasing the availability and affordability of formal ECEC services and backed up with considerable financial investment. Public expenditure on ECEC in Korea has increased tenfold since 2000, from less than 0.1% of GDP in 2000 to about 1% of GDP in 2016 (Figure 4.5). Today, public spending on ECEC in Korea is above the OECD average, and only below public spending on ECEC in France and the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden).

The expansion in public investment in ECEC in Korea has contributed to a dramatic increase in ECEC enrolment. National estimates on enrolment vary depending on the exact methodology used, but data collected by the Ministry of Health and Welfare, which tracks enrolment at the end of each year, suggest that enrolment among 0- to 2-year olds increased from 3% in 2001 to 40.9% in 2018 (Statistics Korea, 2018[12]). Alternative data supplied by the Korean Educational Development Institute (KEDI) to the OECD for international comparison, and which use 31 March (i.e. after the start of the school year) as the reference date, show an even higher rate. According to these data, in 2016, 53.4% of 0- to 2-year-olds and 93.4% of 3- to 5-year-olds in Korea were enrolled in early childhood education and care (Figure 4.6). These rates are well above the OECD averages (33.2% (0-2) and 86.3% (3-5), respectively).

Figure 4.5. Public spending on ECEC in Korea has increased tenfold since 2000

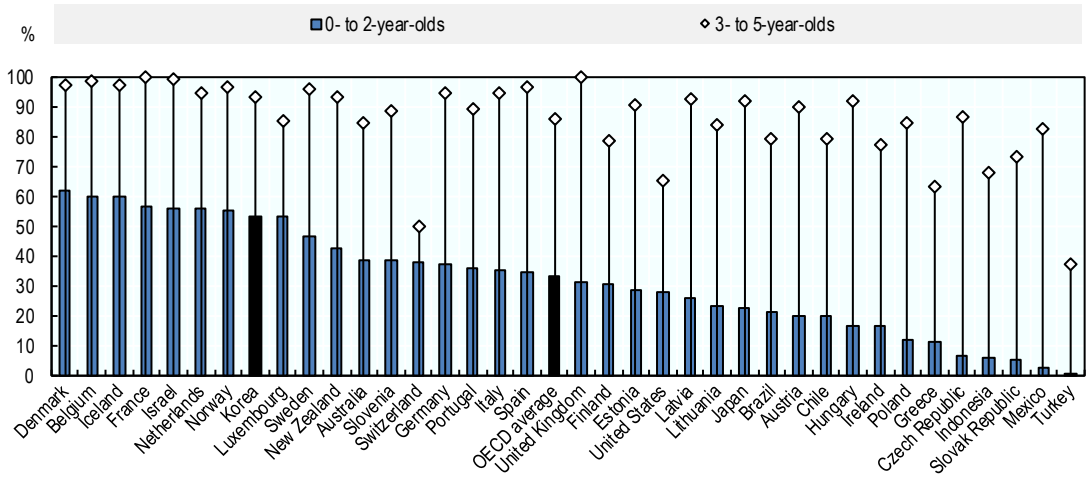
Public expenditure on early childhood education and care, as a % of GDP, 2000 and 2015/2016[a]



Note: In some countries, local governments play a key role in financing and providing childcare services. Such spending is comprehensively recorded in Nordic countries, but in some other (often federal) countries it may not be fully captured by the OECD Social Expenditure Database.
a. Data for Australia, Chile, Israel, Korea, Mexico, New Zealand, Turkey, and the United States refer to 2016. Data for Poland refer to 2014. Data for all other countries refer to 2015.
Source: *OECD Social Expenditure Database*, https://www.oecd.org/social/expenditure.htm

Figure 4.6. Participation in ECEC in Korea is now above the OECD average

Percent of 0- to 2-year-olds enrolled in early childhood education and care services and percent of 3- to 5-year-olds enrolled in early childhood education and care or primary education, OECD and key partner countries, 2016



Note: For 0- to 2-year-olds: Data generally include children enrolled in early childhood education services (ISCED 2011 level 0) and other registered ECEC services (ECEC services outside the scope of ISCED 0, because they are not in adherence with all ISCED-2011), but exact definitions differ across countries. Data for Korea are based on information supplied by Korean Educational Development Institute (KEDI) to the OECD, and refer to children in the given age range at the start of the given year who were attending ECEC on 31 March of the given year. Data for the United States refer to 2011, for Switzerland to 2014, and for Japan to 2015. For 3- to 5-year-olds: Data include children enrolled in early childhood education and care (ISCED 2011 level 0) and primary education (ISCED 2011 level 1). See OECD Family Database Indicator PF3.2 for more detail.
Source: *OECD Family Database*, Indicator PF3.2, http://www.oecd.org/els/family/database.htm.

4.3.2. The balance of policy objectives

Early childhood education and care (ECEC) services are central to a range of policy objectives regarding families, children, labour markets and gender equality. Access to affordable ECEC provides parents with young children with options to engage fully in paid work. Parental employment reduces family and child poverty risks, while increased labour supply fosters economic growth (Chapter 3) and tax revenue. Since mothers rather than fathers adjust their employment patterns in face of care responsibilities (OECD, 2016[13]; OECD, 2017[14]), ECEC services are especially important for women's labour market opportunities and gender equality objectives (Jaumotte, 2003[15]; Thévenon, 2013[16]; Del Boca, 2015[17]; Olivetti and Petrongolo, 2017[18]). Furthermore, the evidence suggests that participation in high-quality ECEC also has positive effects on child cognitive and social development (Camilli et al., 2010[19]; Havnes and Mogstad, 2011[20]; OECD, 2013[21]), particularly for children from more disadvantaged backgrounds (Heckman et al., 2010[22]; Ruhm and Waldfogel, 2012[23]; Havnes and Mogstad, 2015[24]; García et al., 2016[25]).

In Korea, investment in ECEC services and family policy more broadly was largely driven by concerns about persistently low birth rates, and the development of ECEC services are a major feature in the first and second Basic Plans on Low Fertility and an Ageing Society (Chapter 1). With the development of comprehensive ECEC capacity, policy attention is increasingly turning to quality and child development concerns in ECEC in Korea, while the gender equality objective has emerged as a major issue in the low fertility and ageing society policy roadmap for the period 2018 to 2022 (Chapter 1).

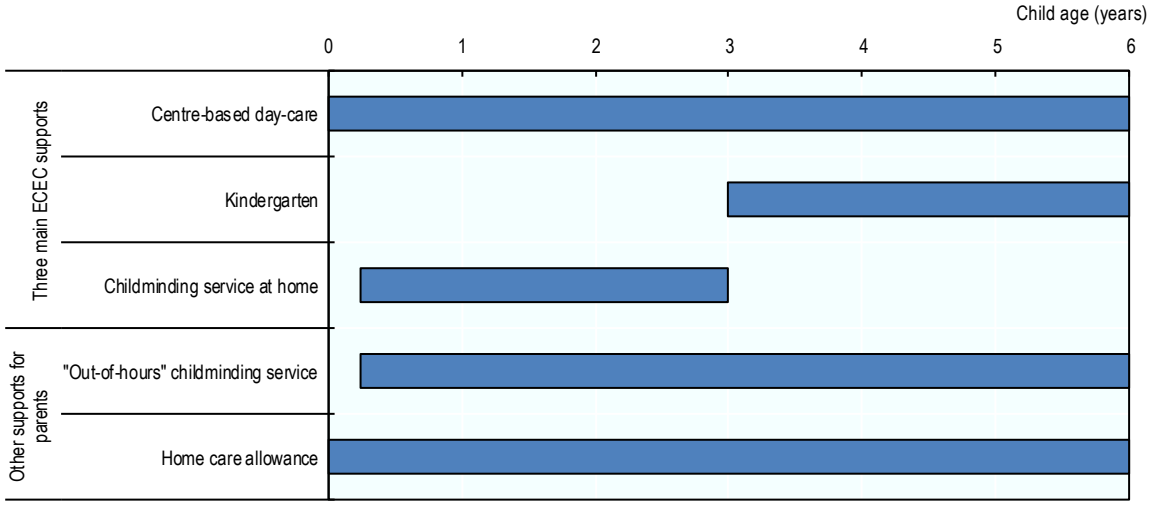
All OECD governments support and help fund early childhood education and care in one way or another, but cross-country differences in policy objectives affects the mix of policy measures. It is therefore no surprise that, across countries, the scale of support and the means and methods of delivering assistance are diverse. Some OECD countries, like the Nordic countries, provide comprehensive publicly-operated ECEC systems, with all children entitled to a heavily-subsidised place in public centre-based care from a young age (often around their first birthday). Others (e.g. Australia, France, the Netherlands and the United Kingdom) make greater use of cash supports and demand-side (fiscal) subsidies directed at parents, with the provision of services themselves left largely to the market, at least for very young children.

However, for a coherent policy discharge, it is vital that the different family policy tools fit together neatly, and do not leave families with gaps in support during the early life-course: parental leave, ECEC, primary education and out-of-school-hours care policies should all be framed in a consistent continuum of supports for families. For both equity and efficiency considerations, it is important that policy starts to invest in families with children early in childhood, while many OECD countries still leave it until the kindergarten or primary school years for investment to take shape (Adema, 2012[26]).

4.3.3. A comprehensive range of ECEC services in Korea

The ECEC system in Korea involves a comprehensive range of services for children under school age. There are three main types of ECEC supports: centre-based day-care, kindergarten, and childminding services at home. Support for centre-based day-care services is available to the parents of all children aged 0-5, (all-day) home-based childminding services are targeted at children aged between 3 months and 3 years old, while kindergarten is for children aged 3 to 5 (Figure 4.7). Parents can receive support for the use of only one of these services at any one time, so they must choose between the three options. However, they can also receive public support for additional "out-of-hours" childminding services – to be used during the weekends and outside usual day-care hours (9a.m. – 5p.m.) – and before/after-kindergarten services (from 9a.m. – 2p.m.) – even if their children use centre-based services during the day. Parents who do not use any of the three main types of ECEC supports can access a home care allowance that provides financial support towards full-time parental care (parents claiming the home care allowance can access the out-of-hours childminding service).

Figure 4.7. Parents in Korea are entitled to public support for a range of different support services



Source: OECD.

Centre-based care facilities

In 1995, there were fewer than 10 000 centre-based day-care facilities in Korea (Figure 4.8, Panel A) serving about 300 000 children (Figure 4.8, Panel B) – about seven in every 100 children aged 0 to 5. Over the two decades since, however, the number of facilities has grown by more than four times to 39 171 in 2018. Over the same period, the number of children enrolled in centre-based day-care has increased by almost five times, to 1 415 000 or roughly one in every two children aged 0 to 5. Much of this growth has come through a rapid expansion of facilities operated by private owners or by parents' associations. They dominate the current day-care market in Korea as they operated around 72% of day-care facilities in 2018 (Figure 4.8, Panel A).

The rapid development of centre-based day-care services in Korea was driven in large part by the introduction and gradual extension of two complimentary public supports: a public subsidy for centre-based day care service providers, and a fee subsidy for parents using centre-based services.

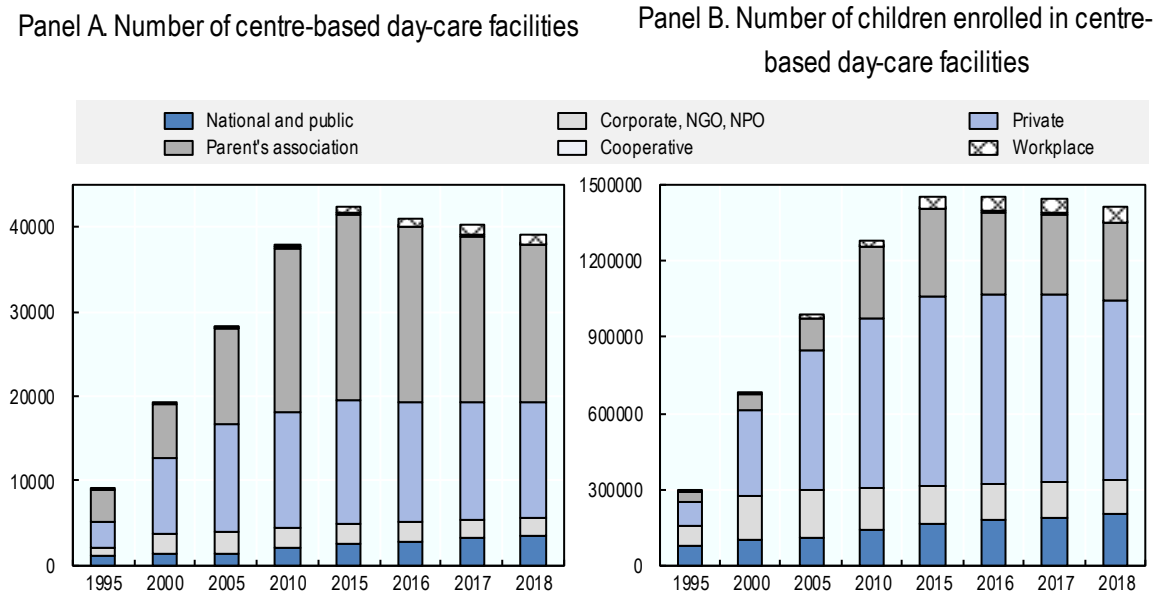
Historically, subsidies for day-care service providers in Korea were directed largely only at public facilities. Government support for private facilities was limited and covered only teaching materials (Sung, 2006[27]), resulting in a preference among many parents for public services, which were often cheaper and higher in quality. In 2006, the Korean government established the "First Plan for Childcare" (2006-2010) which aimed to strengthen the role of the state and enhance the quality of all centre-based day-care services. As part of this plan, a universal "basic subsidy" equal to the standard care cost per child minus the user fee per child, was made available to all childcare facilities for children 0-2, regardless of whether they were publicly or privately owned. The level of the basic subsidy varies by the age of the child. In 2019, the basic subsidy for private day-care facilities varies from KRW 485 000 (USD 441) per child per month for children aged 0 to KRW 197 000 (USD 179) per child per month for children aged 2.

In addition to this basic subsidy to service providers, the Korean government also provides a tuition fee subsidy to parents whose children use centre-based day-care services. When first introduced in 1992, the fee subsidy was means-tested on household income, and until reform in the mid-2000s, it was provided only to parents with very low incomes, close to the absolute poverty threshold applied by the National Basic Livelihood Support Programme: 30% of median income or KRW 501 000 (USD 455) per month (OECD, 2018[28]). However, from 2004 onwards, the income-test was gradually phased out, while the tuition subsidy

fee payment rate increased. In 2005, all children aged 5 became entitled to the subsidy regardless of household income level, while a series of adjustments in 2005, 2008 and 2011 increased the income threshold on the income-test for children aged 0-4. In 2013, the income test was abolished altogether, effectively granting the tuition fee to all parents of all children aged 0-5. As of 2019, the subsidy ranges from KRW 454 000 (USD 413) per child per month for children aged 0 to KRW 220 000 (USD 200) per child per month for children aged 3-5.

Figure 4.8. The rapid development of centre-based care between 1995 and 2015

Centre-based day-care facilities and the number of children enrolled in centre-based day-care facilities by type, Korea, 1995-2018



Note: For Panel B, data refer to absolute enrolment in centre-based day-care facilities as of 31 December each year. According to census-based population projection data from Statistics Korea, on 1 July 2018 there were 2 576 000 children aged 0-5 in Korea, producing an enrolment rate of approximately 55%.
Source: Korean Ministry of Health and Welfare (2018[29]), *Childcare Statistics*, https://central.childcare.go.kr/.

Kindergarten

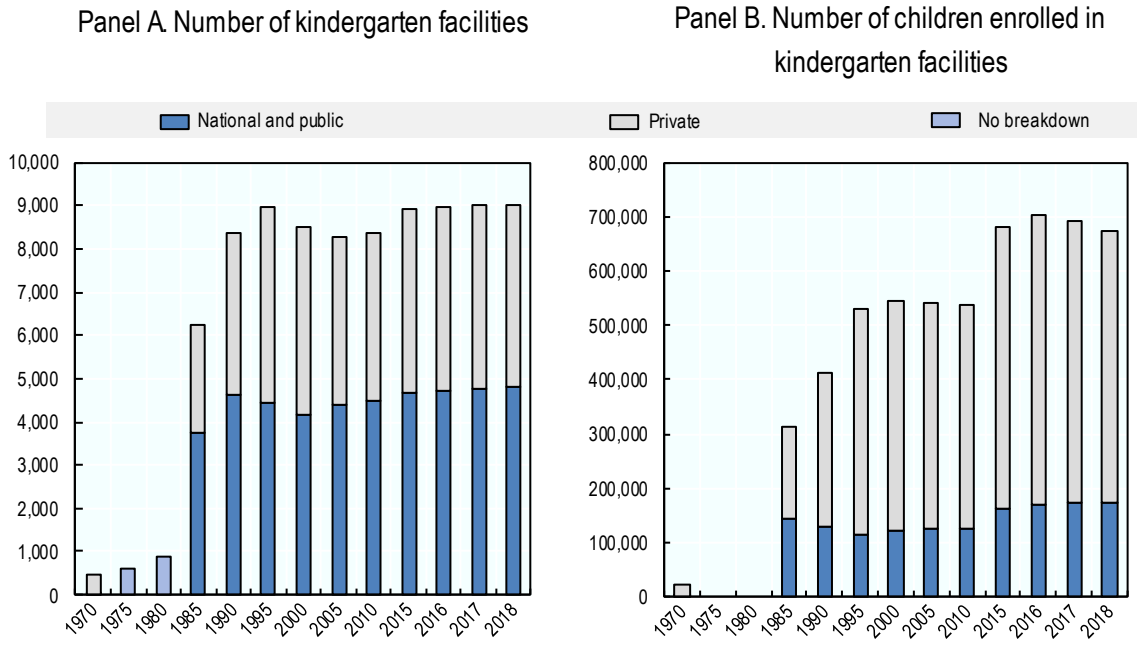
Kindergarten has a longer history than centre-based day-care in Korea. Reforms in the early 1980s started an increase in the number of facilities (Figure 4.9). The 1991 Child Care Act widened the eligible age range for kindergarten from 4-5 to 3-5 year-olds, and also shifted the focus of kindergarten away slightly from 'childcare' towards education. These reforms were supported by an expansion of public subsidies and financial supports, and in 2015 the expansion of large kindergarten facilities led to a considerable increase in the number of children attending kindergarten that year.

A tuition fee subsidy for parents with children in kindergarten was introduced in 1999, which similar to the fee subsidy for centre-based day-care, was initially means-tested and available only to children aged 5 from low-income families in rural areas. However, a series of reforms across the 2000s saw eligibility for the subsidy widened to 3- and 4-year-olds, and the income-test slowly phased out. By 2012, all 5-year-olds were entitled to the subsidy regardless of the level of household income, and with the introduction of the Nuri Curriculum in 2013 (see the quality section below), the income-test was abolished altogether. Today, the tuition fee subsidy is available to all children aged 3-5 who are enrolled in kindergarten, and is worth

KRW 60 000 (USD 55) per child per month for children in national and public kindergarten, and KRW 220 000 (USD 200) per child per month for children in private kindergarten. Similar to the subsidy for centre-based day-care, the introduction and expansion of the tuition fee subsidy has contributed to a large increase in the number and especially share of children enrolled in kindergarten facilities. In 2000, for instance, only about 550 000 (roughly a quarter) of 3- to 5-year-olds were enrolled in kindergarten; by 2015, once the income-test had been abolished, this had increased to approximately 680 000, or about half of all 3- to 5-year-olds (Figure 4.9, Panel A).

Figure 4.9. The development of Kindergarten started in the early 1980s

The number of kindergarten facilities and the number of children enrolled in kindergarten by type, Korea, 1970-2018



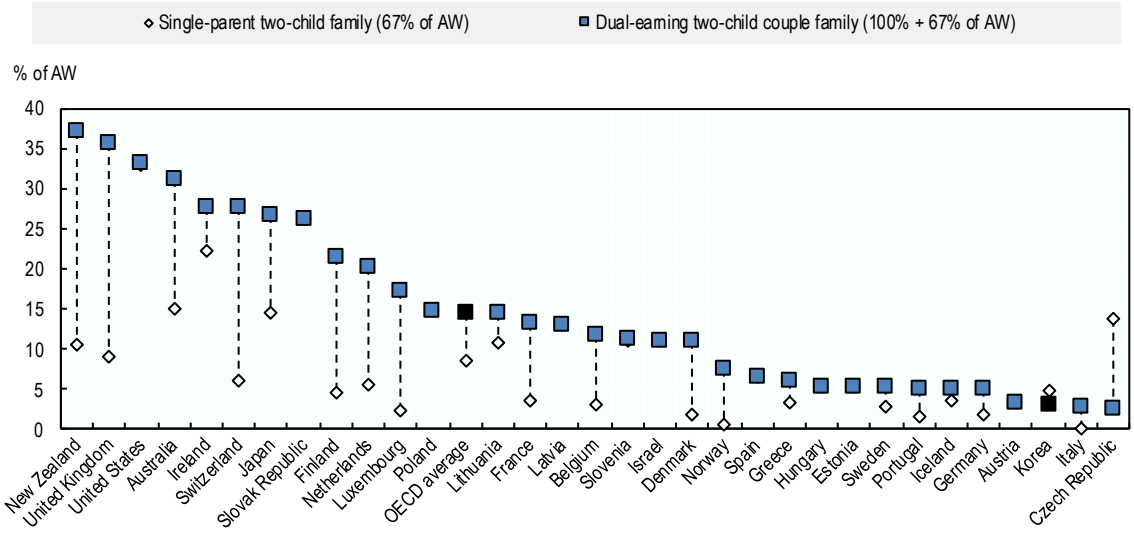
Note: For Panel B, data refer to absolute enrolment in kindergarten as of 1 April each year. According to census-based population projection data from Statistics Korea, on 1 July 2018 there were 1 330 000 children aged 3-5 in Korea, producing an enrolment rate of approximately 51%.
Source: Korean Ministry of Education (2018), Education Statistics, http://www.index.go.kr.

Childcare costs in Korea

As result of Korea's decades-long effort to introduce and expand childcare supports, Korea now has some of the lowest, typical out-of-pocket childcare costs in the OECD (Figure 4.10). The subsidies provided to publicly supported facilities mean that fees are low in comparison to many other OECD countries, and the now-universal cash supports given to parents help reduce net costs even further. For a single-parent household in Korea making 67% of average full-time earnings, the net costs of childcare for two children (aged 2 and 3) equates to just 4.9% of the average wage (AW, see Chapter 2). This is almost half the OECD average for this type of family (8.5%). Net costs are actually very slightly lower still for a typical dual-earner couple family – just 3.0% of the national average full-time wage.[1] This is far below the OECD average for this family type (14.6%), and less than a tenth of what a similar family would pay in countries like the United States (33.2%) and the United Kingdom (35.7%).

Figure 4.10. Childcare costs are low in Korea

Out-of-pocket childcare costs for a two-child family as a proportion (%) of the national average full-time wage (AW), by family type, 2018



Note: Data reflect the net cost (gross fees less childcare benefits/rebates and tax deductions, plus any resulting changes in other benefits received following the use of childcare and/or change in family income) of full-time care in a typical childcare centre for two-child family with children aged 2 and 3. Gross earnings for the two earners in the 'dual-earning two-child couple family' are set equal to 100% of average earnings for the first earner and 67% of average earnings for the second earner. Those for the single earner in the 'single-parent two-child family' are set to 67% of average earnings. 'Full-time' care is defined as care for at least 40 hours per week. Where benefit rules are not determined on a national level but vary by region or municipality, results refer to a "typical" case (e.g. Michigan in the United States, the capital in some other countries). See the OECD Tax and Benefit Systems website (http://www.oecd.org/els/soc/benefits-and-wages.htm) for more detail on the methods and assumptions used and information on the policies modelled for each country.
Source: OECD Tax and Benefit Models 2018, http://www.oecd.org/social/benefits-and-wages/.

Childminding services at home

Korean policy also provides financial support to parents using childminders at home outside of regular hours (Box 4.1). Originally introduced in 2007 as a measure to help parents who work unusual hours, often away on business, or to help in case of child illness, the service has since been adjusted several times. In 2019, there are two types of childminding services:

1. Parents with children aged between 3 months to and 3 years can access 200 hours of all-day childminding per month. Only parents whose children do not use day-care or kindergarten and who do not claim the home care allowance can access this service. Support is income-tested and the parental fee ranges from KRW 1 930 (USD 2) to KRW 9 650 (USD 9) per hour (no fee support).
2. Parents with children aged between 3 months and 12 years can access 720 hours of "part-time" childminding per year. Support is income-tested and ranges from KRW 1 447 (USD 1) to a maximum fee of KRW 9 650 (USD 9) per hour for a "childcare-only" service; and, from KRW 4 374 (USD 4) to KRW 12 550 (USD 11) per hour for a "childcare and childcare-related chore" service (such as washing children's clothing and bedding, cleaning a child's room, preparing snacks and washing dishes).

The use of these at-home childminding services is limited, even though use has doubled over the 2010-2018 period (Korea Ministry of Gender Equality and Family, 2018[30]). In 2018, around 60 000 families used the "part-time" service, while about 4 500 families used the all-day service. In both cases, this amounts to less than 1% of eligible children. The services were provided to 94 000 children in 2018, or about 1.7% of eligible children (there were about 5.6 million children up to age 12.)

Box 4.1. Before/after-kindergarten services

The "part-time" childminding service is not the only out-of-hours service available to parents with children 0-5. The usual kindergarten service hours are from around 9a.m. to 1 or 2p.m. In Seoul, kindergartens can offer three services, an extended service from 9a.m. to 5p.m., and EDUCARE service from 7a.m. to 5p.m. and 3.00/14.00), and an all-day service from 7a.m. to 10p.m. (Seoul Metropolitan Office of Education, 2018[31]).

Since 2012, the Korean government provides a fee subsidy to parents using the out-of-hours kindergarten services: KRW 50 000 (USD 45) per month for users of national and public kindergartens, and KRW 70 000 per month for users of private kindergartens. In 2016, 99.6 per cent of kindergartens in Korea provided out-of-hours services, and 67.7% of children enrolled in kindergartens used the service (Kim, Lee and Cho, 2016[32]).

The Korean Home Care Allowance

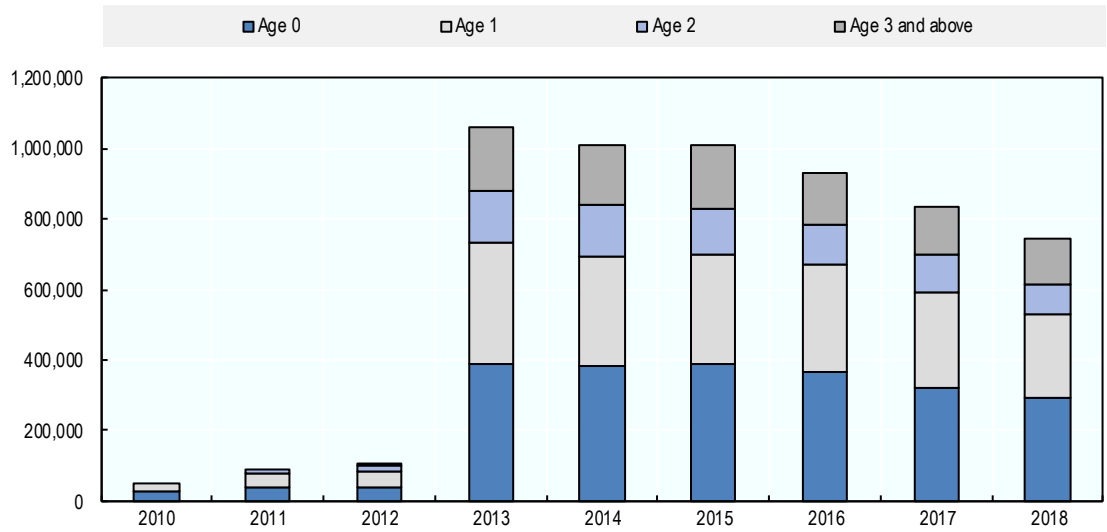
Korean policy also provides support to parents who care for their young children (0-5) at home. The home care allowance was introduced in July 2009 and this cash transfer is conditional on the non-use of childcare- kindergarten and full-time childminding services (part-time use of childminding services is compatible with receipt of the home care allowance). At introduction, the benefit was limited to low-income households with children not yet 2 years of age. However, eligibility was widened to 2-year-olds in 2011 and in 2013, the income-test was abolished and coverage extended to 3-5 year-olds. Payments are set at KRW 200 000 (USD 182) per month for children under 12 months, KRW 150 000 (USD 136) per month for children age 1, and KRW 100 000 (USD 91) per month for children age 2-6, or about 5%, 3.7%, and 2.5% of the average wage (AW, see Chapter 2), respectively. The allowance is payable until December of the year in which the child turns 7.

The home care allowance has been popular, especially after 2013, when the income test was abolished and eligibility widened to 3-5 year-olds. In 2010, the home care allowance was claimed by parents of about 50 000 children, but by 2013, the number of claimants had jumped to just over 1 000 000 or 37% of the children aged 0-5. Since then, take-up has declined by 200 000 children particularly among 2 to 5-year old children (Figure 4.11). Parents of very young children (including those on maternity/parental leave) often claim the home care allowance: in 2018, almost 600 000 parents with children 0 to 2 (about 50% of this age group) years old claimed the home care allowance. In comparison, about 36% of all children in this age group participated in ECEC.

Korea is not the only OECD country to provide the parents of young children with a home-care allowance. Finland operates a relatively similar policy for parents with young children, as does Norway for parents with children aged between 1 and 2 years old. From a public finance perspective these home care allowances are generally less costly than providing all children with a subsidised spot in a formal ECEC facility (OECD, 2007[33]; OECD, 2011[34]; Thévenon, 2016[35]). However, because the home-care allowance is lost as soon as parents make use of formal ECEC, they also provide single parents and second earners in couple-families (typically the mother) with financial incentives not to be in paid work – especially for parents with limited potential labour market earnings. As a result, home-care allowances may discourage labour market participation when children are young, diminishing mothers' longer-term career opportunities and earnings progression which has immediate and long-term effects on family incomes and poverty risks (OECD, 2007[33]; OECD, 2011[34]).

Figure 4.11. The home came allowance became popular when the income test was abolished in 2013

Number of children whose parents claimed the home care allowance, 2010-2018



Source: Statistics Korea (2018), Index.go.kr, http://www.index.go.kr/potal/stts/idxMain/selectPoSttsIdxMainPrint.do?idx_cd=3023&board_cd=INDX_001.

Promoting quality in ECEC

Having rolled out an extensive system, the ECEC policy focus is increasing towards improving quality. Quality issues play a key-role around tightening regulations on the ECEC workforce (OECD, 2019[36]) and ECEC facilities, standardising the ECEC curriculum, and strengthening quality monitoring, also through periodic assessments and accreditation programmes.

Developing and disseminating a standardised ECEC curriculum is a clear way of ensuring quality of ECEC across the country. As part of this approach, the Nuri Curriculum was introduced as a nationwide common curriculum at kindergarten and day-care centres for children aged 5 in 2012 and children aged 3-4 in 2013. Regardless of whether enrolled in a centre-based day-care facility or a kindergarten, children aged 3-5 take a common nationwide course of study covering health and physical activities, communications, social skills, art, music and drama, and mathematical and scientific approaches. The Nuri curriculum is implemented in ECEC-services for four to five hours a day, including lunchtime – generally from 9a.m. until 1 or 2p.m.

Another measure to guarantee the good quality of ECEC services is the ECEC quality accreditation programme for centre-based childcare facilities and kindergarten. Korea established frameworks for monitoring the quality of ECEC services in centre-based childcare facilities in 2005 and kindergarten in 2007, respectively (OECD, 2012[37]).

With regard to ECEC services in Korea, the central support centre for childcare plays an important role through service accreditation, professional training, operational support for services and information to parents. Its role could be strengthened to train more professionals in new educational approaches, and develop the necessary partnerships between the various actors and resources existing at the local level. Developing guidelines and/or a repository of good practices, such as those listed for example by the Swiss Academy for Development (SAD, 2015[38]), can also help enhance the development of high quality cost effective services.

In 2019, the tasks of central childcare support centre are delegated to the Korea Child Promotion Institute. This institute assesses the quality of ECEC services *upon request* from a centre-based facility. The assessment concerns care environment, management, childcare programmes, interactions with infants/children and care workforce, teaching methods, health, nutrition, and safety (Child Care Act, 2019[39]). The results – three grades A, B or C for a pass, and D if the centre fails to meet the minimum criteria, are made public; childcare facilities that successfully passed the assessment can put up the relevant quality sign of accreditation. This accreditation assessment will be mandatory to all centre-based childcare facilities from June 2019 onwards.

Another government approach to ensure the quality of ECEC is to bring private facilities into the public sphere. While the Korean parents prefer public centre-based childcare facilities to private ones, private owners run three-quarters of childcare facilities (Figure 4.8). To reduce the discrepancy, the government has operated an "official recognition programme" since 2011, which assesses private centre-based childcare facilities, and awards good quality facilities the label "Childcare facility of public standard". Childcare facilities are denoted as such for a three-year period, and the qualification is renewable. Private centres that have passed the test, receive government subsidies towards wage costs, overhead costs, and facility-improvement costs (Korea Ministry of Health and Welfare, 2018[40]). The number of private facilities of public standard has almost quadrupled over the last nine years – from 679 in 2011 to 2 356 in 2018 across the country – and these centres now cover 7.3% of children enrolled in childcare facilities in 2018 (Korea Childcare Promotion Institute, 2018[41]). A similar programme was introduced in Seoul in 2009 (Ahn and Park, 2010[42]), and since then about 47% of the centre-based childcare facilities – 2 955 out of 6 226 – have officially been recognised as a "Seoul-type childcare facility" (Seoul Metropolitan Government, 2018[43]).

With the enactment of the Early Childhood Education Act in 2004. The legal grounds for the assessment of kindergartens were laid and in 2007, the Ministry of Education introduced a kindergarten assessment programme on a pilot basis that was rolled out nationwide in 2008, and transferred the assessment authority to 17 local education offices in 2012 (Seoul Early Childhood Education & Promotion Centre, 2018[44]). Local education offices assess the quality of all kindergartens in their jurisdiction. The quality assessment tool evaluates the ECEC curriculum, the environment and management practice, health and safety, and workforce standards (Korea Ministry of Gender Equality and Family, 2018[30]). Local education offices also utilise the kindergarten assessment exercise to provide educational supervision and consulting. The Ministry of Education and the Korea Education and Research Information Service (KERIS) also operate a website with kindergarten information on a range of items including, the status of kindergarten facilities, current status of school staff, student safety and kindergarten assessment results.

4.4. Education and care for children in primary and secondary education

4.4.1. The Korean education system

Korea has a 6-3-3 education system for primary and secondary education consisting of six years of primary education (age 6-12), three years of lower secondary (age 12-15), and three years of upper secondary education – either academic or vocational (age 15-18). Children who turn 6 in a given year are required to enter primary school on March of the following year. School principals have discretion in setting holidays, but generally, the school year has two semesters, of which the first runs from March to July and the second from late August until late December. School years include at least 220 school days per annum (Enforcement Decree of the Elementary and Secondary Education Act, 2017[45]), and participation is compulsory (and free of charge) for primary and lower secondary education (age 6-15). By 2021 upper secondary education is also planned to be free of charge, but participation is not compulsory (Korea Ministry of Education, 2019[46]).

Those who graduate from upper secondary school are qualified to enter tertiary education – university with four to six year bachelor's degrees, or junior college (vocational courses) with tertiary degrees after two or three years. Those who complete bachelor's degrees at university can enrol in master's degrees – normally two years long. If successful, students can apply for a doctoral degree (Table 4.1).

Students can enter a university through a "regular admission" or an "early admission" application process. Universities often also run special admission procedures for those from disadvantageous backgrounds such as low-income families, agricultural and fishery areas, or North Korean defectors. In case of the regular admission process recruitment, universities use applicants' College Scholastic Aptitude Test (CSAT) scores and a performance test (depending on the department of choice). In the course of the "early admission" application, students prepare a dossier of academic and non-academic records, take an essay test arranged by the university, or a performance test depending on the type of study. In their assessment, university admission officers give greater weight to broad criteria (teacher recommendations, service projects, extra-curricular activities, employment experience) other than CSAT-scores, and often set up individual interviews. Giving greater weight to broader assessment criteria within university entrance procedures, would reduce the demand for Hakwon, which include a strong focus on preparing students for the university entrance exam (OECD, 2014[47]). There is a need for caution as reliance on more subjective criteria opens up opportunities for favouritism, but the reliance on multiple-choice exams provides legitimacy to the university entrance process (OECD, 2014[47]). In any case, since the introduction of "early admission" application procedures in 1997, the number of students who achieve university admission in this manner has increased each year and concerned 76.2% of all new entrants of 2019 (Cho, 2018[48]).

Young people invest heavily in their education and tend to spend a long time preparing for entry exams to large companies and/or the public sector. Most of the Korean university students take one or more semesters off to obtain additional qualifications to improve their labour market chances. The qualifications involved – referred as 'Spec' (specifications) in Korea – include career experiences like internships, volunteer activities, English language certificates, etc. In all, it takes Korean students just over 5 years to graduate: 4.7 years for young women, and 5.8 years for young men who also have to serve in the armed forces; the duration of the period varies a little by the type of armed service (e.g. Air Force, Army Navy), but is close to 2 years.

Table 4.1. The Korean Education system

Age	Level of education		Compulsory	Duration
3-6	Pre-primary education at kindergarten		Non-compulsory	3 years
6-12	Primary education at primary school		Compulsory	6 years
12-15	Upper secondary education at high school		Compulsory	3 years
				Admissions criteria
15-18	Academic upper secondary school	Vocational upper secondary school	Non-compulsory	3 years
				College Aptitude Test (CSAT)
				Tertiary education
18+	University	Junior College	Non-compulsory	2-4 years

Source: National Center on Education and the Economy (2019[49]), South Korea: Learning Systems, http://ncee.org/what-we-do/center-on-international-education-benchmarking/top-performing-countries/south-korea-overview/south-korea-instructional-systems/.

4.4.2. Out-of-school-hours care services

Children in the compulsory education system are often in school from 9a.m. to 3p.m. (as discussed above, the length of the school-day increases with age), but such regular school hours are incompatible with a full-time working week, especially in Korea with its long hours culture, and school holidays are always longer than workers' annual leave entitlements (OECD, 2017[50]).

The Korean Ministry of Education provides two main types of out-of-school-hours services for school-age children, both of which are provided on the school premises.

- "After-school education" (until around 5p.m.) is available in almost all schools from primary school right through to upper-secondary school, and provides children with a range of curricular and extra-curricular education activities, depending on age. The programme aims to supplement the formal education curriculum, improve educational attainment, develop aptitude through the arts, music and sports activities, and reduce the burden of private education costs on households. The programme is open to all students, but only children from low-income families are not charged a fee: in 2018, free admission was granted to about 626 211 students or 21.4% of students that participated in the programme and 11.2% of all students enrolled in primary and secondary schools (Korea Ministry of Education, 2019[51]).
- "After-school childcare" provides students mainly in the first and second years of primary school with a range of care, play and education activities after the end of the regular school day. In 2018, about 97% of primary schools provided OSH-care until 5p.m., and 24% also provided an evening service until 10p.m. (Korea Ministry of Education, 2019[52]). The programme is subsidised and is largely free of charge (for example, meals and refreshments can be charged). The full cost of care is provided free of charge to children from low-income households. (Korea Ministry of Education, 2019[52])

In addition to the services provided in schools by the Ministry of Education, several other smaller-scale publicly supported OSH-care services are available. Examples include the after-school academies – services for children from disadvantaged backgrounds that aim to support the personal, social, health and educational development of children aged 9-14 – and the freshly-piloted 'all-together care centres', which are publicly-run centres aiming to provide care services for children age 6-12 (Box 4.2). There are also community childcare centres – small, local centres, often run by individuals, non-governmental organisations or religious groups under the supervision of the local government – that provide a range of education and care services to children of all ages. Such centres are typically open five days per week and eight hours per day, including the core opening hours of 2p.m. to 7p.m. during school terms and 12p.m. to 5p.m. during school holidays. In 2017, 30.3% of community childcare centres were open on Saturdays, and 41.4% were open after 8p.m. The centres are not government run, but are subsidised, and services are generally free with a few exceptions. There are about 4 000 community childcare centres that receive a government subsidy serving about 100 000 children (Korea Ministry of Health and Welfare, 2018[53]), mostly in the age group 6 to 14 (Korea Ministry of Health and Welfare, 2018[53]).

Box 4.2. All-together care centres

According to the 2015 Korean Family Survey, 37% of children enrolled in primary school spend at least one hour at home alone after returning from school or other facilities. The survey also indicates that demand for services is highest between 2 and 8p.m. with peak demand between 4 and 6p.m.

As part of the policy agenda set by the Moon JaeIn administration, seventeen pilot programmes were set up under a whole-of-government approach (Korean government, 2018[54]), including the Ministry of Health and Welfare, the Ministry of the Interior and Safety (Public facilities), local governments and local education offices. The basic idea of all together care centres is to establish a community-based care service network, providing childcare services including temporary and urgent care, transport to and from schools, help with schoolwork, and offer meals. Each selected local government proposes its own type of all-together care centre, including different mixes of services, making use of local strengths. It is scheduled to have about 1 800 such centres across the country by 2022.

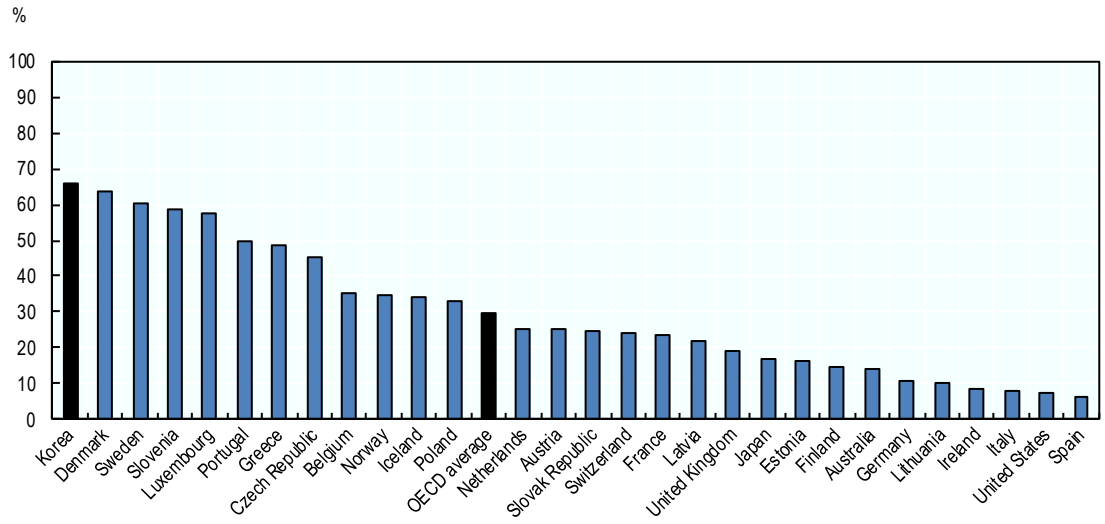
Local governments have their own reasons to engage in the programme. For example Gwacheon city in the wider Seoul Metropolitan region, has a local birth rate of less than one child per women. Gwacheon city invests in all-together centres to help address work/life balance and low-birth rate issues and to support the status of women in the community.

In 2016, 59.3% of all primary school students attended after-school education classes, whereas in 2018, 13.4% attended after-school childcare services and community childcare centres (these numbers are not additive as some children may be attending more than one service). A few other OECD countries have developed extensive out-of-school-hours (OSH) services for school-age children, and made it affordable by either subsidising the costs or offering free services to low-income families. For instance, in Denmark and Sweden over 60% of children aged 6 to 11 go to centre-based OSH services during a typical week. However, in most OECD countries, OSH-care services remain under-developed, and on average less than one in three children aged 6 to 11 are able to use centre-based OSH services during a usual week.

The high participation in after education classes that run until 5p.m. is related to the relatively short hours in primary education (see above). The limited participation in after-school childcare services and community-based services suggests, however, that there is considerable need for an extension of after-school-hours supports, especially after 5p.m. in view of the prevailing long working hours culture.

Figure 4.12. Participation in out-of-school-hours services is highest in Korea, Denmark and Sweden

Proportion of 6- to 11-year-olds using centre-based out-of-school-hours services, 2016



Note: Data for the United States refer to 2011, for Iceland and Switzerland to 2014, and for Australia to 2017. Data for Australia refer to children aged 6 to 12, for Japan to children aged 7 to 11, and for the United States to children aged 5 to 11. Data for Korea refer to children attending primary school. Data generally reflect the proportion of children who use centre-based out-of-school-hours care services for at least one hour during a usual week, cover the use of services offered before and/or after school hours only, and do not cover 'school-going' children who use centre-based care services only during school holidays or only on days when schools are closed. Exact definitions differ across countries; see OECD Family Database (http://www.oecd.org/els/family/database.htm) Indicator PF4.3 for more detail. Data for Korea refer to primary school students attending after school education classes only, and do not cover children attending other types of out-of-school-hours services. As a result, they likely under-estimate the actual share of children using OSH services.
Source: OECD Family Database, Indicator PF 4.3, http://www.oecd.org/els/family/database.htm, and Korean Ministry of Education, Statistics on After-School Education, https://moe.go.kr/boardCnts/view.do?boardID=316&boardSeq=76304&lev=0&searchType=null&statusYN=W&page=1&s=moe&m=0302&opType=N.

4.4.3. Private education

Education in Korea is widely regarded as the key to individual progress and social mobility. Therefore, there is widespread investment in education by parents. To position one's children as well as possible for entry into prestigious universities and colleges, parents make use of after-school educational programmes, Hakwon, and/or private tutors to ensure that academic records and entrance exam preparations leave nothing to be desired. It is a fiercely competitive environment in which no parent wants to blink first. As a result, children spend long days in school, Hakwon, and carrying out associated homework (Box 4.3).

Private education in Korea is independent from formal education and incurs additional cost. Practice varies from one-to-one private tutoring by undergraduates or professional tutors, to collective examinational preparatory courses, after-hours cramming schools (e.g. Juku in Japan and Hakwon in Korea), and/or full-scale preparatory examination schools (Baker, 2005[55]). In addition, foreign language education, also through home and e-learning (possibly with teachers checking on progress), has grown exponentially (Figure 4.13).

Box 4.3. Origins and development of private education

Hakwon appeared in Korea in the late nineteen century as private education institutions, which transferred western culture including English, mathematics, modern music, and fine arts (Park and Back, 2016[56]). In the 20th century up to the end of WWII, private education institutions provided information on civil rights and national identity, but also provided skills and vocational training.

In the immediate aftermath of WWII until 1960, the private education market started to develop, as the rigid caste system collapsed and people started to realise that education may hold the key to a better future for their children. In particular, the introduction of the university qualification exam created new demands for private education in English and Mathematics.

During the 1960s and 1970s, the use of private education – particularly Hakwon – for the preparation of entrance exams and supplementary tutoring grew rapidly. This was driven by strong competition for entrance into secondary schools (primary education became compulsory in 1959), increased disposable household income, and latent high education zeal of parents brought up in the Confucian tradition (Yoom, 1997[57]). Since 1968, access to lower secondary education no longer requires passing an entrance exam, but it mainly meant that competitions shifted towards entrance exams in upper secondary education.

Already in the 1960s, academic performance served as an elite selection criterion and entrance into the best secondary schools and universities were closely linked to occupational outcomes (Park and Back, 2016[56]). This fuelled the rapid expansion of the private education market expanded until the military government banned students from taking private tutoring and attending Hakwon in 1980, to achieve a fair playing field and equal opportunities in education. The ban curtailed the private education market, but also led to new forms tutoring such as the “TV tutor” broadcasting service on public TV, and daily visit tutoring services with textbooks and recorded education tapes (Kang and Choi, 2014[58]).

Under public pressure, the ban on private education was gradually lifted – in 1989 the law on establishment and management of Hakwon was introduced and fully liberalised by 2000, when the Constitutional Court ruled the restrictions on private education unconstitutional.

The introduction during the 1990s of English language education in primary schools, the CSAT, essay tests and university admission exams in the 2000s, all increased demand for supplementary education and the emergence of “enterprise-type" Hakwon in the private education market (Yeo and Um, 2015[59]). In addition, service sector trade liberalisation in 1995 facilitated foreign investment, while the spread of broadband networks and personal computers facilitated the development of on-line education platforms.

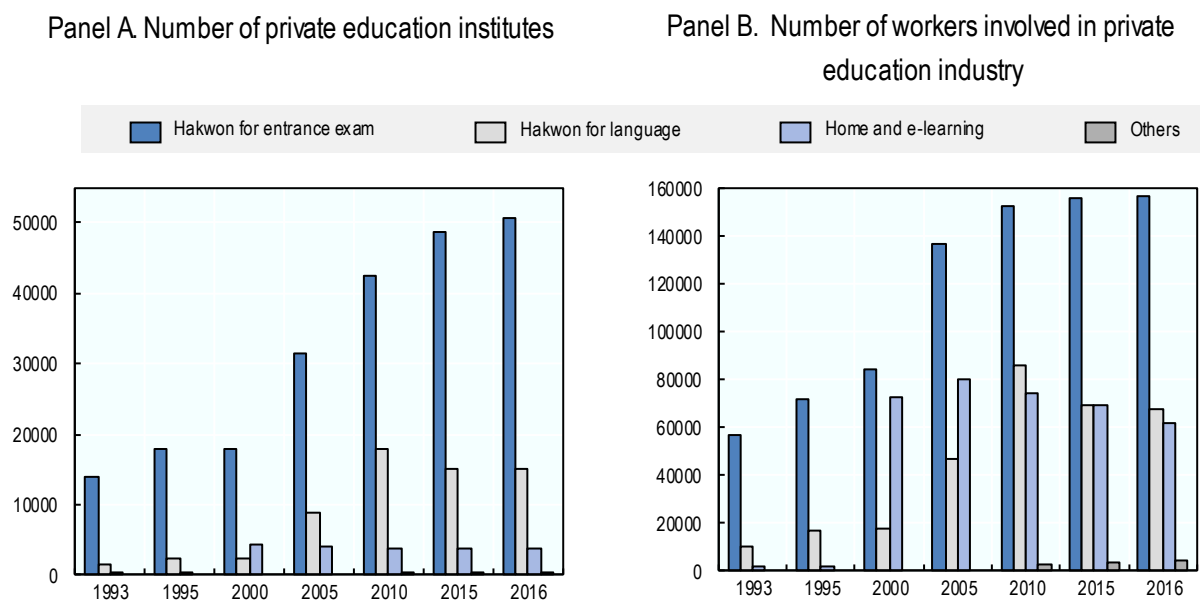
Private education has negative effects on both the physical and mental health of students and household finances. In addition, since household income is closely linked with outlays and participation in private education – low-income families make least use of these services, the heavy reliance on private education reduces equality of opportunity prompting the government to take measures to reduce its role (KIm, 2009[60]) (OECD, 2014[47]). One approach is to enhance the quality of public education by, for example, reducing student-teacher ratios. Another approach is to provide alternative services: for example, the Korean government has developed EBS (Korea Education Broadcasting System) and after-school classes in primary and secondary education. More direct intervention measures include limiting opening hours of Hakwon and/or disclosure of tuition fees, but these measures have only had limited impact (Kim and Kang, 2017[61]). (Kim and Kang, 2017[61]) (Yeo and Um, 2015[59]). Giving greater weight to broader assessment criteria within university entrance procedures (as discussed above), would reduce the demand for Hakwon. The extension of school hours in primary education and subsidised after-school classes would also help.

Source: The history and meaning of private education market development in Korea (Park and Back, 2016[56]) and the growth of private education industry in metropolitan area and spatial change (Park and Lee, 2015[62])

From an educational perspective, supplementary education encompasses two notions, a "remedial approach", which helps students catch up and/or relearn previously studied material, while the "extending learning approach" supports other students (who often already do well in school) to further improve their knowledge and academic performance. Private education often pursues both of these approaches. On average across OECD countries and accounting for students' socioeconomic status, students who spend at least 60 hours per week on schoolwork, perform worse than those who study 40 hours (see (OECD, 2016[63]) as well as (Baker, 2001[64]) (Baker, 2005[55]) (Mori, 2010[65]). This suggest that overall across the OECD, remedial private tutoring is important. However, in Korea and major Chinese cities such as Beijing and Shanghai, studying 60 hours or more per week is associated with large improvements in academic performance (OECD, 2016[63]), which suggests that the "extending learning" element in these private education systems plays an important role. Students with better academic performance are also more likely to participate in and spend more on private education (OECD, 2016[63]).

Survey data suggest that the main reason for participating in private education for compulsory school students is to reinforce knowledge of components of the regular school curricula and supplement it where possible. However, there is some variation with age. Children in primary education also engage in private tutoring for childcare purposes while those in lower and upper secondary education also engage in private education to prepare for entrance exams for upper secondary education and universities, respectively (Statistics Korea, 2019[6]).

Figure 4.13. The private education industry has expanded markedly since the early 1990s.



Note: Only general teaching Hakwon included; public education institutes and institutes for skills and arts are not included.
Source: National Business Survey, Statistics Korea (each year), http://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_1K51002&conn_path=I3.

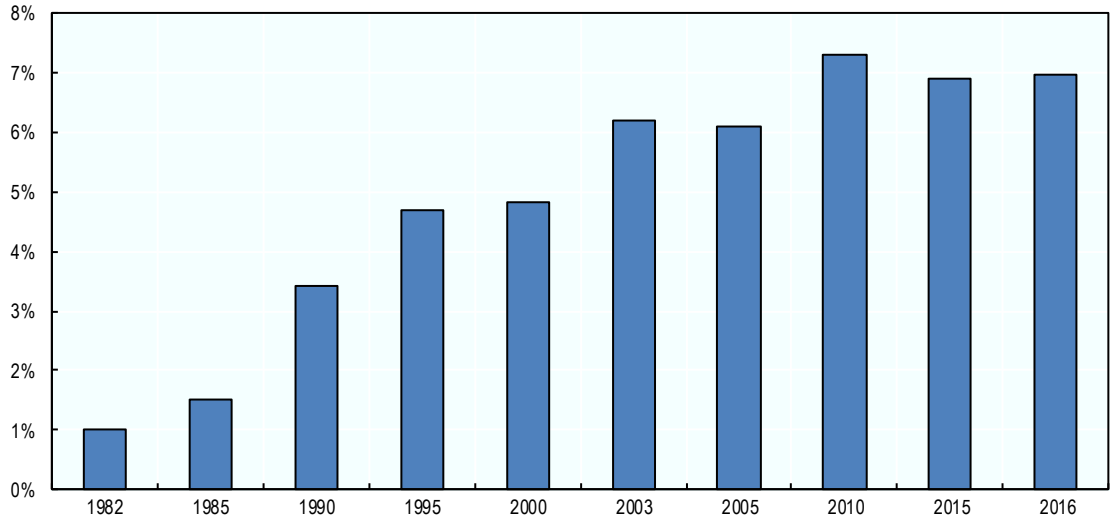
Private education expenditures have increased rapidly since the early 1990s, although its growth was interrupted by the Asian Financial Crisis in 1997/8. Over the years, private education spending quadrupled from KRW 5 646 billion in 1994 to KRW 19 458 billion in 2018. However, wealth grew even faster, so over the same period private education spending fell 1.5 to 1.1% of GDP. Over the same period, as the number of students started to fall with the ongoing demographic transformation, outlays per student per month increased from KRW 220 000 in 2007 to KRW 291 000 (USD 265) in 2018 (Statistics Korea, 2008[66];

Statistics Korea, 2019[6]). The evidence also suggests that most of the revenue is concentrated in a limited number of firms, in 2008 the top 20% of institutes took 75% of the market-share (Korea Ministry of Education, 2008[67]).

Given the development of the private education market, it is no surprise that household spending on private education has increased markedly over the last 35 years. Figure 4.14 shows that since 1982, the proportion of monthly household consumption spending on private education (including tertiary education) increased from 1% to 7%. This is a considerable amount of money, which may well have an impact on the willingness of prospective parents to have (more) children (Chapter 5).

Figure 4.14. Private education is a growing part of household spending

Private education spending as a proportion of household consumption spending, Korea, 1982-2016



Note: Household private education expenditure per month includes private supplementary education for student under secondary education provided in Hakwon.
Source: Korea Household Income and Expenditure Survey, Statistics Korea (each year), http://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_1L9H002&conn_path=I3.

The growth of the private education market is often related to Korea being an academic achievement-oriented society, where people believe education is the best way to achieve social mobility (Ahn and Baek, 2012[68]; Anderson and Kohler, 2013[69]). Kim and Lee (2010[70]) also saw the desire to pass entrance exams for prestigious universities as the cause of the growth of private education services. Shouse (2011[71]) found that this also concerns low-income families, as they see education as the key to upward social mobility.

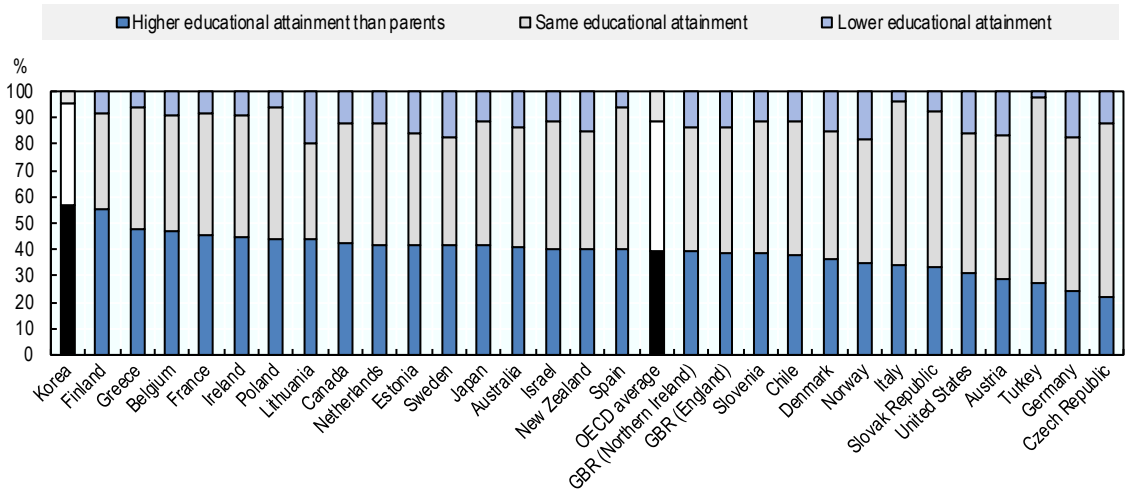
In terms of educational mobility (i.e. whether an individual has lower, the same or higher educational attainment than his/her parents), Korea comes first among OECD countries (Figure 4.15, Panel A). However, as the education-base has widened across generations, the scope of further educational mobility is diminishing, particularly when compared with the generation of older workers, aged 55 to 65 (Figure 4.15, Panel B).

Korea has also been doing well in facilitating educational prowess among students from disadvantaged backgrounds. Korea has the fourth highest share of 'resilient' students in the OECD, behind Japan, Estonia and Finland (plus also B-S-J-G China), suggesting that coming from a disadvantaged background is much less of a barrier to high performance in Korea than it is in many other countries (OECD, 2018[72]). However,

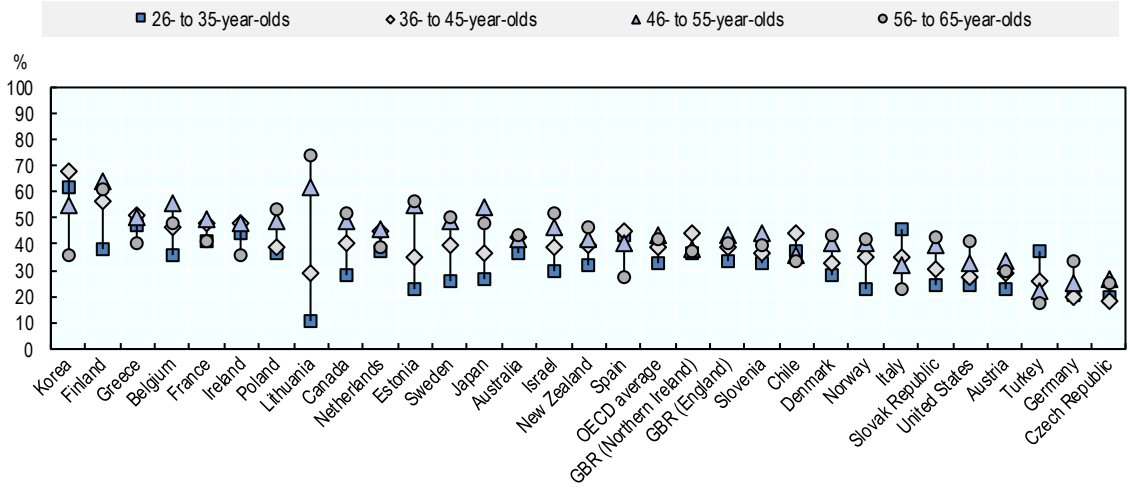
while educational mobility is high, this does not necessarily translate into earnings mobility, the pervasive characteristics of the dual labour market in Korea, and limited occupational mobility attests to that.

Figure 4.15. Upward educational mobility is high in Korea, although it has fallen slightly among the youngest generation

Panel A: Percentage of adults (26 years or older) who report lower, the same or higher educational attainment than/as their parents, OECD countries, latest available year



Panel B: Percentage of adults (26 years or older) who report higher educational attainment than their parents, by age group, OECD countries, latest available year



Note: Latest available year refers to 2015 for Chile, Greece, Israel, New Zealand, Slovenia and Turkey and 2012 for remaining countries. Data for Belgium refers to Flanders and for the United Kingdom to England and Northern Ireland.

Source: OECD (2018[73]), *Equity in Education: Breaking Down Barriers to Social Mobility*, PISA, OECD Publishing, Paris, https://doi.org/10.1787/9789264073234-en.

4.4.4. A focus on children

Compared to most other countries, Korean children spend a very long in time in school and after school studying to prepare for public or private school-classes. This may foster their chances of completing tertiary education, but it does not guarantee children's happiness or the realisation of their full potential. The evidence suggests that the competitive university entrance exams shape Korean adolescents' daily life experiences, and contribute to high rates of depression (Lee and Larson, 2000[74]). More recently, Fawaz and Lee (2016[75]) showed that spending long hours in private tutoring may adversely affect subjective well-being of adolescents, depending on their parents' aspirations with respect to their education. When parents and children have the same educational aspirations there is no issue, but if parents and children do not have similar aspirations, then the number of hours spent in private tutoring negatively affects subjective well-being and increases adolescents' risk of depression.

Compared to other OECD countries, Korea performs relatively well on many (though not all) measures of child well-being (Table 4.1). For example, children in Korea enjoy disposable incomes that are moderate by OECD standards, and a risk of relative income poverty that is just above the OECD average. Then again, the long school days and working hours in Korea contribute to a relatively high share of 15-year-olds (10%) reporting that they fail to talk to their parents before or after school on the most recent day they attended school (Thévenon, 2018[76]).

Korea often performs particularly well on measures of children's well-being in education and at school. For example, a comparatively high share of 15-year-olds say they feel like they 'belong' at school (80%, compared to an OECD average of 73%), and a relatively low share report being the victim of bullying at least a few times a month (12%, compared to an OECD average of 19%). Average scores on the OECD PISA reading and mathematics tests are also high in comparison to many other OECD countries, and a very high share of 15-year-olds say they expect to complete a university degree (75%, versus an average of 44%). Moreover, despite the highly competitive education system, only a moderate share of 15-year-olds in Korea report feeling anxious about school tests even when well-prepared (55%, the same as the OECD average).

This performance is the result of a relatively efficient school system, but also because of the widespread notion that "hard work" is valued characteristic for a person to have. Data from The World Values Survey shows that "hard work" is one of the values that two-thirds of Koreans between the ages of 20 and 54 want to instil in their children. This proportion is more than twice as high as that observed in Germany or Sweden, for example (Figure 4.16). Korean parents are also very supportive of their children's education: about 95% of 15-year-old adults surveyed in the PISA 2015 report that their parents are interested in their school activities and are supportive of their educational efforts.

Table 4.2. Korea performs relatively well on several but not all measures of child well-being

Summary overview of Korea's performance on selected measures of child well-being, Korea, OECD average, OECD minimum and OECD maximum

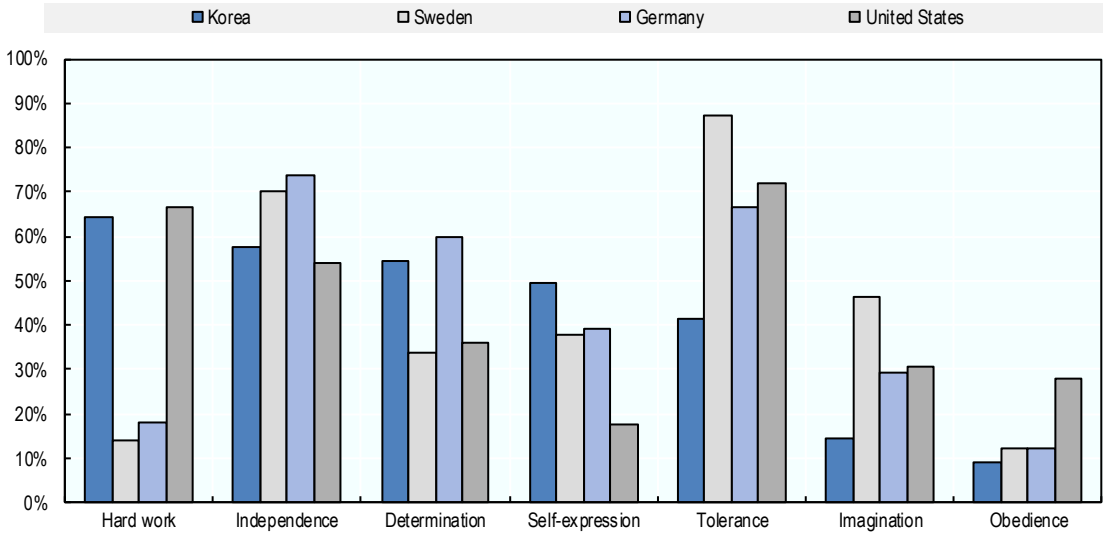
		Unit	Year	Korea	OECD average	OECD minimum		OECD maximum	
Well-being at home and in family life									
1.	Average disposable income for children (0- to 17-year-olds)	USD PPP	2016	29700	24600	6900	(MEX)	43500	(LUX)
2.	Relative income poverty rate for children (0- to 17-year-olds)	%	2016	15	13	3	(DNK)	25	(TUR)
3.	15-year-olds who report talking to their parents before or after school	%	2015	90	95	88	(TUR)	98	(ISL)
4.	15-year-olds who do paid work, before or after school	%	2015	6	23	6	(KOR)	38	(NLD)
5.	15-year-olds' average daily minutes using the internet outside school	Minutes	2015	55	145	55	(KOR)	195	(CHL)
6.	15-year-olds who watch TV or play video games, before or after school	%	2015	73	89	69	(SVN)	94	(JPN)
7.	15-year-olds who do regular vigorous exercise	%	2015	36	52	36	(KOR)	70	(ISL)
Well-being at school and in education									
8.	15-year-olds who report that their parents are supportive of their education	%	2015	94	90	75	(TUR)	95	(PRT)
9.	15-year-olds who report feeling like they "belong" at school	%	2015	80	73	41	(FRA)	87	(ESP)
10.	15-year-olds who report feeling anxious about school tests	%	2015	55	55	34	(CHE)	72	(NZL)
11.	15-year-olds who report being the victims of bullying	%	2015	12	19	9	(NLD)	31	(LVA)
12.	15-year-olds' performance on the PISA reading tests	Points	2015	517	493	423	(MEX)	527	(CAN)
13.	15-year-olds' performance on the PISA mathematics tests	Points	2015	524	490	408	(MEX)	532	(JPN)
14.	15-year-olds' performance on the PISA science tests	Points	2015	516	493	416	(MEX)	538	(JPN)
Overall well-being and life satisfaction									
15.	15-year-olds who report high life satisfaction	%	2015	19	34	19	(KOR)	58	(MEX)
16.	15-year-olds who report low life satisfaction	%	2015	22	12	4	(NLD)	29	(TUR)

Note: For notes and definitions, see the OECD Income Distribution Database for measure 1 and 2, OECD (2017) for measure 5, and the OECD Child Well-Being Data Portal for all other measures. CAN = Canada; CHE = Switzerland; CHL = Chile; DNK = Denmark; ESP = Spain; FRA = France; ISL = Iceland; JPN = Japan; KOR = Korea; LUX = Luxembourg; LVA = Latvia; MEX = Mexico; NLD = the Netherlands; NZL = New Zealand; PRT = Portugal; SVN = Slovenia; TUR = Turkey.

Source: OECD Child Well-Being Portal, http://www.oecd.org/social/family/child-well-being/, OECD Income Distribution Database, https://www.oecd.org/social/income-distribution-database.htm, and OECD (2017[77]), *PISA 2015 Results (Volume III): Students' Well-Being, PISA*, OECD Publishing, Paris, https://doi.org/10.1787/9789264273856-en.

Figure 4.16. Koreans think it important that children learn to work hard

Responses to the question "Here is a list of qualities that children can be encouraged to learn at home. Which, if any, do you consider to be especially important?", adults aged 20-54 with children, Korea and selected OECD countries, 2010-2014



Source: World Value Surveys, 2010-2014, http://www.worldvaluessurvey.org/wvs.jsp.

Parental involvement plays an important role in the academic success of adolescents. Adolescents who have more involved parents (in the sense that parents discuss the child's well-being at school at least once a week, have a conversation with the child at least once a week, and eat a meal with the child at least once a week) have higher PISA test scores than others. The performance gap obtained in mathematics for these children is, for example, more than three times higher than that associated with having two highly educated parents (Doepke and Zilibotti, 2019[78]).

Alas, while most Korean children are happy with their life, teenagers in Korea are more likely to report not being satisfied with life as a whole than their peers in most OECD countries. Only 19% of 15-year-olds in Korea report high levels of life satisfaction (compared to an OECD average of 34%), while 22% report low life satisfaction (versus an average of 12%). International Children's World data for children aged 8 to 12 years show that the average level of subjective well-being of young children in Korea is also lower than that of the 18 countries covered by these surveys (Rees, 2017[79]).

For young teenagers (10-12 years old), the family and school environments are important elements of their life satisfaction, while for many Korean children, obtaining essential material goods is not a problem. The self-perception as a respected person with a certain freedom of choice, as well as the quality of relationships with friends, are important factors contributing to the well-being of children (Rees, 2017[79]). The comparison of data between countries suggests that a significant proportion of the differences in children's subjective well-being – and particularly the low score of Korean children – is due to relatively low self-confidence (Lee and Yoo, 2017[80]). These data also show that children's subjective well-being declines rapidly from age 8 to age 12 in Korea: 60% of the 8-year-olds report that they are totally satisfied with their life, but this share falls to 40% among 10- and 12-year-olds. As children get older, relationships with friends, with teachers and satisfaction with school marks gain importance in determining the overall life satisfaction (Kim, Ahn and Lee, 2019[81]).

The increasing school pressure with age and the comparatively long time spent in school and in after-school classes leaves comparatively little time for 15-year-old adolescents to do anything else. Korean

teenagers have little time to work in part-time jobs and even in “internet time”, they fall behind the OECD average. In terms of watching TV and engaging in sports and physical exercise, they don’t seem to have the time (*OECD Child Well-being Portal*).

As fertility rates drop in Korea, many Korean parents are motivated to devote an extensive amount of time and attention to the education of a smaller number of children. Due to severe competition in the Korean educational system and labour market, anxious Korean parents provide intensive support to their children, and they often sacrifice their own needs for the sake of their children’s advancement. Through such support, however, parents may tend to behave like "helicopter parents” by exercising excessive control over different dimensions of their children's lives (Foo, 2019[82]). Korean students may experience higher levels of helicopter parenting than other Asian children as their parents have higher expectations regarding their children’s academic performance and are more active in their children’s school life (Kwon, Yoo and De Gagne, 2017[83]). The high parental expectations are found to increase the risk of “over-parenting” (Box 4.4) and the risk of young adults developing depression (Lee and Kang, 2018[84]). Perceived over-parenting is also negatively associated with college students’ perception of control over their one life (Kwon, Yoo and Bingham, 2016[85]). However, over-parenting can also be perceived as a sign of parental affection and contribute to greater well-being if not perceived by adolescents as a lack of control (Lee and Kang, 2018[84]).

Box 4.4. The over-parenting culture in Korea

In Korea, at the end of secondary school, students take the College Scholastic Ability Test (CSAT) (Section 4.4.1), which plays a crucial role in determining future academic and labour market chances. Parents go to great lengths to ensure that their children are well prepared. In addition to paying for private tutoring, academic counselling etc., in Gangnam in Seoul – the most affluent part of the country – mothers devote their time to chart the educational journey of their children and micro-manage their life. In addition, mothers establish a myriad of informal, small, complex social networks (based on friendships, hobbies, and social status, and often related to income and/or educational background) to network on how to, for example, find the best mathematics tutor or ways to enter the best medical school in the country (Park, Lim and Choi, 2015[86]). Practice in Gangnam may be an extreme example in this regard, but through the media, it has a powerful influence across the country.

However, the practice of over-parenting, “Gangnam-style” is also being challenged in Gangnam. For example, the ‘Together-School’ in the Banpo Social Welfare Community Centre sets out to forge a playful environment for children. Like other Gangnam mothers, the mothers involved in this initiative want the best of their children, but they are very critical of competitive education environment and the Hakwon system that determines the daily lives of their children to a large extent (Lee, 2016[87]). The prevailing culture of over-parenting is also criticised for its inability to develop autonomy, independency and happiness among children.

A greater focus on children's personal and relational development by the education and care system could benefit children's well-being. Evidence on child development shows that the acquisition of personal "skills" such as self-confidence, emotional and relational skills starts very early in life and that they play a fundamental role in children's learning processes (Shuey and Kankaras, 2018[88]) (de Singly and Wisnia-Weil V., 2015[89]). There is also extensive evidence that high-quality staff-child interactions account for individual differences in children’s behavioural, social-emotional and academic outcomes; highlighting the importance of the quality of staff-child interactions for the effectiveness of ECEC services (OECD, 2018[90]). A critical factor in achieving effective learning is the self-confidence that educators can instil in children by engaging in supportive and warm interactions. Extracurricular activities, such as sports, arts education or

musical training also have an important role to play in enabling children to make their own way in a world they are exploring (HCFEA, 2019[91]) (Box 4.5).

In Korea, there is a tendency to develop play-based early childhood programmes and to develop after-school services offering extracurricular activities, and this development seems to be consistent with expectations among a majority of parents who cite "self-expression" and "independence" as qualities that children need to learn (Figure 4.16). The benefits of developing play-based learning, or sports activities and arts education, can be integrated into the curriculum or roadmap guiding childcare services as, for example, in the curriculum in Australia (SACSA, 2009[92]) or in the roadmap to reorient the development of quality childcare services in France (HCFEA, 2019[91]). An important challenge remains to have qualified professionals and to develop partnerships between early childhood professionals, local associations and specialists from the arts and sports areas who can help develop these activities.

Box 4.5. Sport, arts and play-based training: the benefit for children

Benefits of sport training and arts education

Research on the effects of sports and music practices on children's development is relatively rare and recent, but it suggests that they both contribute to foster physical, emotional, and social skills. In addition, while they provide fun and thereby help to engage children, sport and music help develop cognitive skills, such as coordination and balance, and they also contribute to learning teamwork, discipline, and how to focus on a goal. (Bidzan-Bluma and Lipowska, 2018[93]), and experiencing the rewards of participation.

Sport plays obviously an important role in improving physical health, but there is also evidence that sport increases self-esteem among adolescents, foster mutual understanding and help find solutions to solve conflicts (UNICEF, 2019[94]). Engaging in sport is also found to improve children's school performance and peer relations (Felfe, Lechner and Steinmayr, 2016[95]).

Music training and other types of arts education are found to stimulate creative thinking; they learn children express feelings and emotions and improve their language and reasoning skills (CBNCCAS, 2012[96]). There is also evidence to suggest that learning to play a musical instrument vane affect brain networks that enable executive functioning thereby enhancing cognitive abilities (Sachs et al., 2017[97]) (Habibi et al., 2018[98]).

Advantages of play-based training

A play-based programme builds on child's motivation to play, using play as a context for learning (Danniels and Pyle, 2018[99]). Children can explore, experiment, discover and solve problems in imaginative and playful ways. A play-based approach involves both child-initiated and teacher-supported learning. The teacher encourages children's learning and inquiry through interactions that aim to develop their thinking. For example, while children are playing with blocks, a teacher can pose questions that encourage problem solving, prediction and hypothesising. The teacher can also raise the child's awareness of mathematics, science and literacy concepts, allowing them to engage with such concepts through hands-on learning. Play-based learning has traditionally been the educational approach implemented by teachers in Australian preschool programs (SACSA, 2009[92]). It underpins state and national government early learning frameworks.

Although the hypothesis that play fulfils a fundamental role in child development has been contested (Lillard et al., 2013[100]), there is a growing body of evidence in favour of the use of play-based learning. High-quality play-based kindergarten programmes, where children are exposed to learning and problem solving through self-initiated activities and teacher guidance support positive attitudes to learning (Sylva et al., 2010[101]), and important characteristics as imagination, curiosity, enthusiasm and persistence. Some studies have found that students engage in more effective problem solving behaviours in child-directed play conditions than in more formal, teacher-directed settings (McInnes et al., 2009[102]). Child-directed play with peers is important for children to develop social and emotional competencies, such as leading and following rules, resolving conflicts, supporting the emotional well-being of others (Ghafouri and Wien, 2005[103]), and it has also been found to improve narrative language skills (Stagnitti et al., 2016[104]).

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Note

[1] The modelled dual-earner two-parent family face slightly lower net out-of-pocket childcare costs relative to the modelled working single-parent family because the dual-earner two-parent family are able to benefit from a tax break for education expenses for children. This tax break a non-refundable tax credit, which directly reduces the amount of tax paid by the dual-earner two-parent family. The working single-parent family is technically eligible for the same tax break. However, the modelled single-parent family face no income tax liability at their earnings level (i.e. they are liable to pay zero income tax). As a result, they are not able to benefit from this tax break.

5 Falling birth rates, key factors and pathways to overcome barriers to parenthood

This chapter describes the dynamics that led Korea to a fertility rate of 0.98 children per woman in 2018, which is the lowest among OECD countries. The strong segmentation of the labour market, changing attitudes towards marriage and children, and insufficient support to secure the transition to adulthood are key factors explaining the persistence of low fertility in Korea. Job insecurity, the cost of housing and education also limit fertility.

To reverse the trend, Korea could consider: i) providing more support for young people to find affordable housing and enter the labour market; ii) increasing the rate of payment for parental leave and providing it with a "speed premium" as it exists in Sweden; iii) increasing flexibility in working hours (including more opportunities for part-time work); and iv) investing more in the well-being of families.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

5.1. Introduction and main findings

The total fertility rate (TFR) has fallen at a rapid pace in Korea since the early 1980s. In 2018, the TFR was less than 1 child per woman (0.98). The decline in birth rates was first driven by a decline in the number of large families (with 3 or more children), but over the past few decades, the number of families with two children has also fallen. Childlessness is on the rise too.

The decline in the TFR is related to many young Koreans postponing parenthood: the mean age at childbirth for mothers increased from 25 to almost 33 years of age over the 1985-2018 period. Moreover, although the trend is more recent than in other countries with very low fertility rates, the number of women who remain childless is also increasing: 12% of women born between 1971 and 1975 remain childless, a rate twice as high as for women born in 1950 or 1960.

Regional variations in fertility rates are important, and fertility rates are generally low in metropolitan cities such as Seoul, Busan or Daegu. By contrast, fertility is substantially higher than the national average in Sejong – the new administrative centre of Korea (1.67 children per woman in 2017). Sejong appears to be a relatively "family- and child-friendly" city with working conditions in the civil service that are conducive to reconciling work and family life, housing that remains financially affordable, and relatively easy access to quality childcare and school facilities.

Attitudes towards children have changed: nowadays, having a child is seen less as an obligation and more as a personal preference. Being too old is the reason 25% of married women of childbearing age do not have another child, but about 33% of women cite childrearing and education costs, and another 11% report work/life balance issues as the main obstacles.

The dichotomy in the labour market is an important cause of low fertility: it can force people to choose between a career and having children; it exposes a large fraction of the working population to economic insecurity; it creates very strong competition among young people at labour entry, and makes the transition from school to careers long and uncertain. Labour market dualism also feeds into the competitive nature of the education system in Korea that affects children from an early age onwards and imposes high (private) education costs on families (Chapter 4).

The evidence available for all OECD countries shows that fertility rates are declining in countries where the share of temporary employment is increasing. Conversely, fertility rates seem positively associated with higher employment rates of men and women, and relatively high incidences of part-time employment among women. Analysis of data from the "Korean Labor & Income Panel Study" shows that women in Korea are more likely to become a mother and/or to have a second child when they have one year or more professional experience before having a first child. Moreover, working women are more likely to become mothers (and more likely to become mothers quickly) when they hold a regular contract compared to those in non-regular employment with limited job security. However, once women in non-regular employment have a child, they are more likely to have a second child than regular workers, probably because their labour market opportunity costs are relatively low. Public sector employees with high job security are significantly more likely to have a first and a second child than those working in the private sector.

Housing status also influences the entry into parenthood. Tenants paying a monthly rent are less likely to have a first child than home owners or tenants who paid a large deposit on moving into a dwelling (the Jeonse system, see below). Tenants who pay a monthly rent usually have limited resources, and thus, limited financial means to start a family. Evidence from the OECD-wide analysis in this chapter shows that the share of household consumption allocated to housing and health is negatively associated with fertility trends.

The cost of education is cited as a main reason for not planning the birth of a child (whether it is the first or an additional child) for 31% of married women aged 15 to 49. Some Korean studies show that the cost of education has a negative influence on fertility.

In response to declining fertility, the Korean government has implemented several action plans since the early 2000s to promote fertility and make family life more compatible with employment. Many of these measures were found to have had a positive effect on fertility, but the policy response can be strengthened by:

- *Easing youth transition into adult life*. Enable young adults to start family formation as soon as they wish, which requires: i) improving the school to work transition; ii) ensuring that more workers have access to job security and increase access to the social safety net; and iii) facilitating access to affordable housing.
- *Measures to increase the use of parental leave and introducing a "speed premium".* Eligibility for parental leave can have a positive effect on fertility, but increasing take-up rates remains a challenge in Korea (Chapter 3). Parents with strong labour market attachment may be willing to delay or forgo having another child rather than risk (more) damage to their labour market aspirations. To limit this risk, the entitlement to paid leave at a fixed rate can be extended if another birth occurs within a specified interval, as done for instance in Sweden.
- *Increasing access to flexible working arrangements*. About 20% of women with no children or only one child cite difficulties in reconciling work and family life as the main reason for not intending to have additional children. Greater opportunities for part-time work as remunerated proportionally wages paid to regular workers and increased employee control on working time schedules can help address some of these issues.
- *Investing more in family well-being*. Policy should not just focus on individual measures aimed at boosting fertility, but more broadly should focus on policies that help improve life satisfaction and the quality of life of parents and children. The level of social spending is much lower in Korea than the OECD average, except on early childhood education and care polices, which suggests there is room for increased investment in education, health and housing supports, and improved coverage and quality of services.

There is no instant remedy to low fertility outcomes through the pursuit of one or two policy measures. It is important that the different family policy measures of cash, fiscal and in-kind service supports fit together in a seamless system of continuous supports throughout childhood. Once people get the feeling that having children is compatible with work commitments – as they do in, for example, the Scandinavian countries and France, then they will actually have children.

Employers, unions, and society at large all have their role to play in forging an environment wherein young people sense they can successfully pursue their work and family aspirations. Public support for such a work and family society is indispensable, but it also has to be reliable. For family policies to be effective, they have to be trusted. Therefore, trust in family policies is gained by the stability and continuity of such policies. The widespread concerns among Korean policy makers on the persistence of low birth rates suggests that a consensus among the political spectrum needs to be found for years to come to build the stability and continuity that family policy needs to be effective.

5.2. Fertility decline and underlying dynamics

The fertility rate has dropped sharply in Korea over the past six decades. The decline was particularly strong from the early 1960s to the early 1980s. Since then, the TFR continued to decline at a slower pace to reach the exceptionally low level of 0.98 children per woman on average in 2018. Korea is regarded as a country with persistent low fertility, as the TFR has been below 1.5 children per woman since the early 2000s.

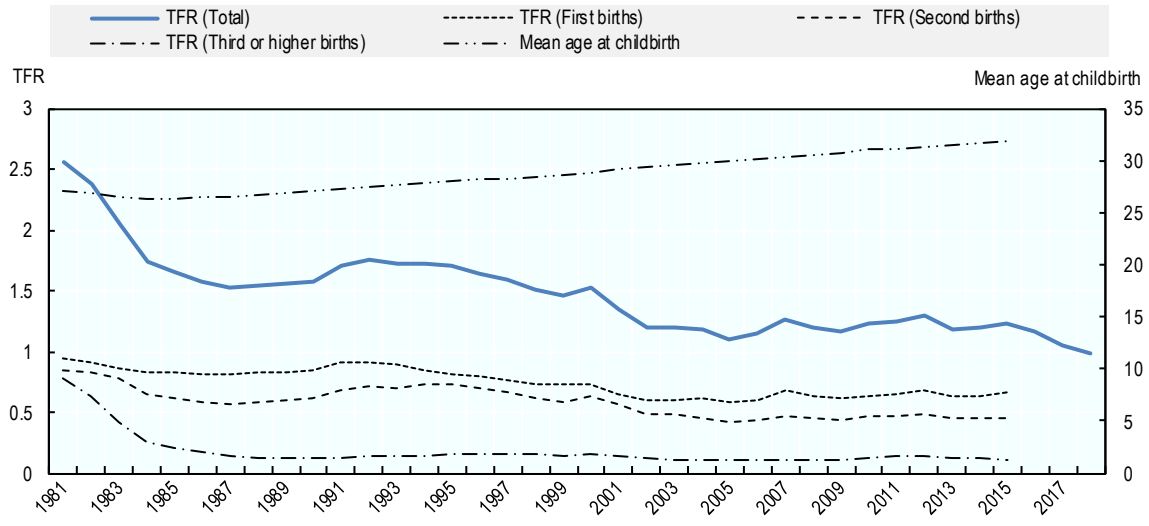
5.2.1. Births are postponed and families are getting smaller

The decline in fertility has been driven by different processes over time, with three distinct phases (Yoo and Sobotka, 2018[1]) (Figure 5.1):

- First, the shift to sub-replacement fertility in the 1980s was driven by a massive reduction in the third and higher-order births. During that period, having four or more children was rare in Korea. The births of a second child also became a little less frequent in the early 1980s than before.
- Second, from the early 1990s, the further decline in fertility rates was largely driven by a continuous increase in the mean age of women at birth, which contributed to a decrease in the number of women giving birth to a first or a second child.
- A third phase started in the early 2000s with a further decline in fertility rates that was primarily linked to a faster decrease in the likelihood to have a second child and increased childlessness.

Figure 5.1. Declining fertility rates and postponed childbirths

Total fertility rates (left axis) by birth order and mean age at childbirths (right axis), Korea, 1981-2018



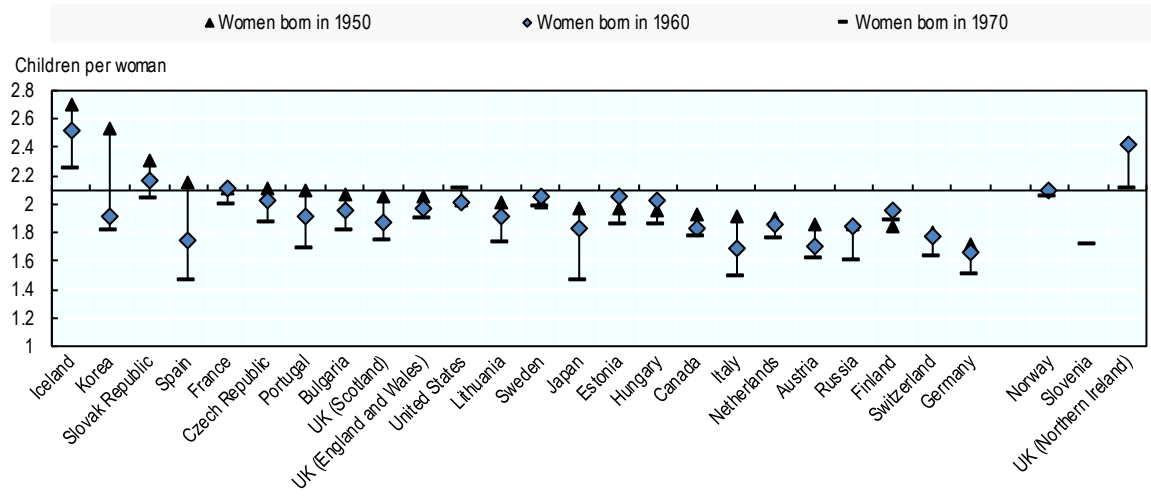
Note: TFR stands for "total fertility rate" which is the average number of children born per woman over a lifetime given current age-specific fertility rates and assuming no female mortality during reproductive years; TFR1, TFR2 and TFR3+ refer respectively to the contributions of the births of a first, second and third or more children to the total fertility rate. For example, in 2015, the fertility rate is equal to 1.23 children per woman; births of a first child contribute for about 0.6 children, second births for 0.45 and third births and higher parity births for 0.11 children per woman.

Source: OECD Family Database, http://www.oecd.org/els/family/database.htm; Yoo and Sobotka (2018[1]), "Ultra-low fertility in South Korea: The role of the tempo effect", *Demographic Research*, vol. 38, pp. 549-76, https://doi.org/10.4054/DemRes.2018.38.22.

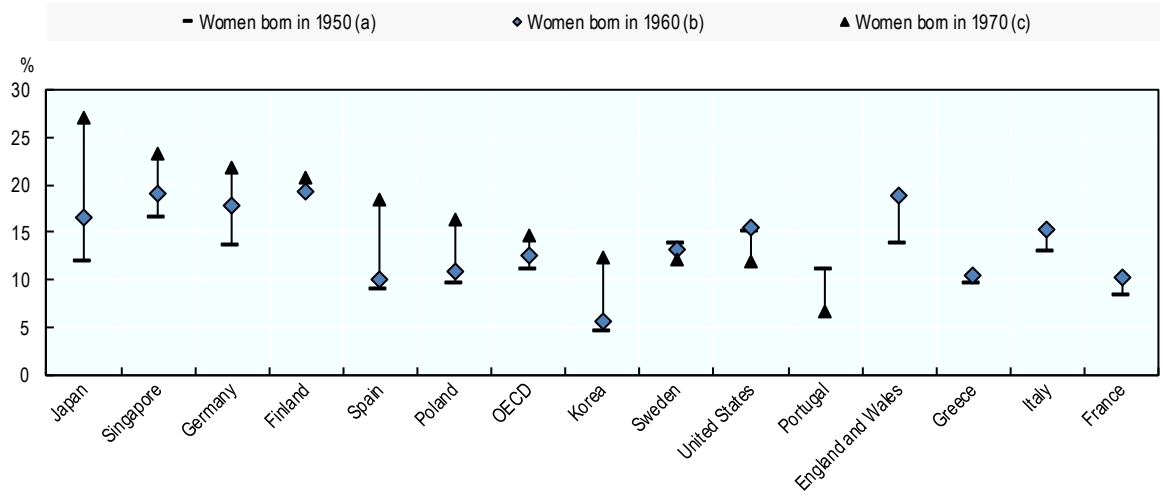
The postponement of childbearing age and lower fertility rates results in smaller families. Korea is one of the low-fertility countries along with Spain where the completed fertility rate has fallen most sharply across generations, from an average of 2.5 children per woman for women born in 1950 to 1.8 children for those born in 1970 (Figure 5.2, Panel A). The decline in the fertility rate was very strong for generations born in the 1950s and primarily caused by a decrease in the propensity to have a second and/or a third child (Yoo and Sobotka, 2018[1]). The average family size continued to decline across the generations born in the 1960s and after, but at a much slower pace.

Figure 5.2. A sharp decline in completed family size in Korea

Panel A: Completed cohort fertility, women born in 1950, 1960 and 1970 (or latest available)



Panel B: Definitive childlessness, women born in 1950, 1960 and 1970



Note: Completed cohort fertility is defined as the average number of children born to women belonging to certain cohort over the whole of their reproductive lives. The Human Fertility Database calculates completed cohort fertility for a given cohort if data are available for that cohort at age 44 or above, using data for the highest available age up to age 50. See the Human Fertility Database webpage (www.humanfertility.org) for more detail.

a. Data for women born in 1955 in Japan, Korea, Spain and the OECD average and 1953 for Singapore.

b. Data for women born in 1958 in Singapore.

c. Data for women born in 1968 in Singapore.

Source: The Human Fertility Database, http://www.humanfertility.org, and Yoo and Sobotka (2018[1]), "Ultra-low fertility in South Korea: The role of the tempo effect", *Demographic Research,* vol. 38, pp. 549-576, https://doi.org/10.4054/DemRes.2018.38.22.; Sobotka (2019[2]), Rapid increase in childlessness among women in East Asia: A neglected "driver" of ultra-low fertility, working paper.

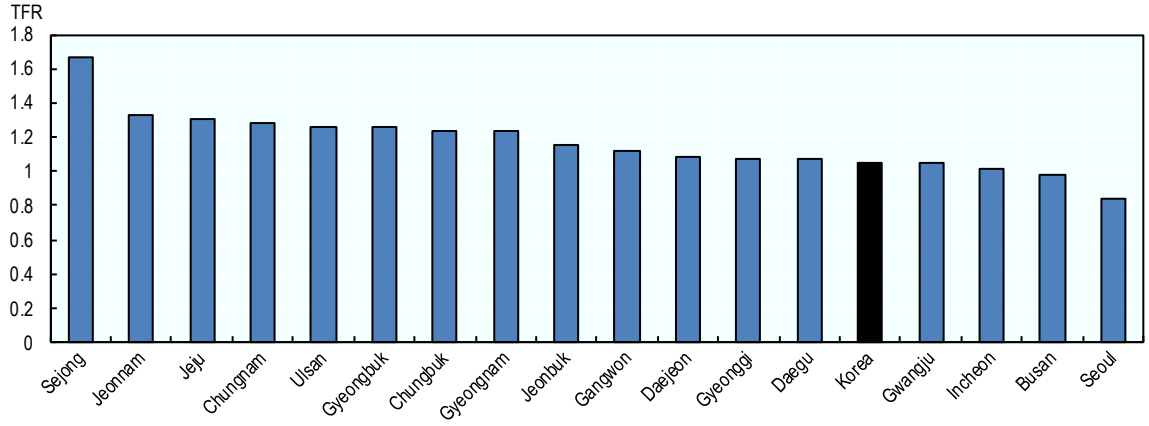
The propensity to remain childless in Korea is lower than the OECD average, but it has increased remarkably among women born in 1965 and after. Sobotka (2019[2]) estimates that the size of completed families has decreased in Korea by about 0.18 children between women born in 1972 and those born in 1960, and that is fully explained by the increasing propensity to remain childless. Childlessness, whether desired or not, is a growing phenomenon in Korea: 12% of the women born in 1970 remain childless, about twice as high as for women born in 1950 and in 1960.[1]

5.2.2. Large variations in fertility rates across regions

There are large variations in fertility rates across the different regions of Korea. In 2017, the total fertility rate in Seoul at 0.84 children per women was well below the national average, as were fertility rates in other big metropolitan cities such as Busan and Daegu (Figure 5.3). By contrast, fertility rates in Sejong (Figure 5.3) and in rural areas such as Chungam or Chungbuk are well above the national average

Figure 5.3. Fertility rates vary considerably across Korea

Total fertility rates by region, 2017



Source: Vital Statistics, Statistics Korea, http://kosis.kr/eng/.

Various factors contribute to cross-regional variations in fertility rates. Large metropolitan areas such as Seoul often host young people who are educated, unmarried and whose current priority in life is to successfully complete their studies and get into professional life. The high population density of metropolitan areas (especially in Seoul) also exerts upward pressure on house prices, which limit opportunities to enter into partnerships and start a family (see below). Metropolitan areas attract a large share of the population of reproductive age and have a large effect on the national fertility rate, and while fertility rates are higher in more rural areas, there are less people of childbearing age (Lee and Yi, 2018[3]).

5.2.3. Fertility intentions and obstacles to realise fertility plans?

The sharp drop in fertility in Korea does not reflect a complete disinterest in having children. Until the late 1990s, having a child was widely perceived as an obligation (Chapter 2). People now *prefer* to have a child, and 90% of the population aged 15 to 44 think that having children is better than not having any. However, there are many obstacles to marriage, and the number of people who stay single has risen sharply over the past decades. In 1970, only 1.4% of women age 30-34 were never married. In 2010, that percentage was almost 30%.

Box 5.1. The fertility-friendly environment of Sejong

The fertility rate in Seiong is much higher in other parts of the country due to the particular composition of the population, the nature of the job market and the infrastructure regarding housing, childcare and schools.

Sejong was founded in 2007 as the new administrative centre of Korea to ease congestion in Seoul, and encourage investment in the country's central region. Since 2012, the Government of Korea has relocated numerous ministries and agencies to Sejong, but the National Assembly and other important public agencies remain in Seoul.

Many residents of Sejong are employed in the civil service or as staff (including researchers) in national policy institutes, with job security, other good employment conditions, and working hours that are reasonably compatible with family life.

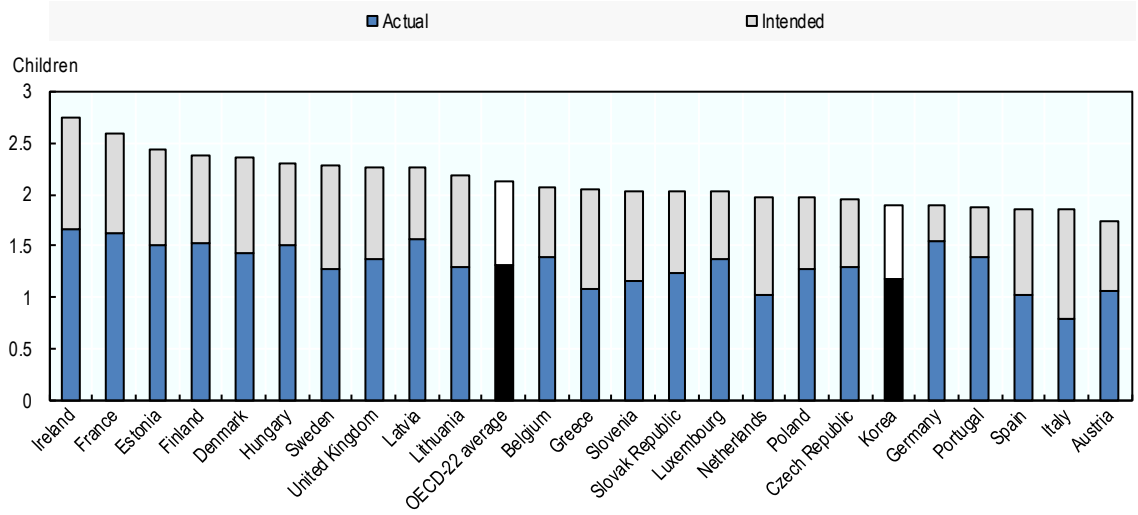
Another element that makes life in Sejong attractive for families is the availability of affordable housing. Renting a home in the Jeonse system is relatively inexpensive compared to buying a home: at 51.9% the lease-to-house price ratio of Sejong is well below that in Seoul (66.3%), Daejeon (68%), Gyeonggi (70.1%) or Gwangju (75.0%).

Sejong Municipality is committed to providing good quality early childhood and school infrastructure. By 2015, Sejong had 43 kindergarten, with a child-per-teacher ratio (12.84) that is slightly lower than the national average (13.09). The school environment is also attractive with 35 elementary schools, 17 junior schools, and 13 high schools and an 11.6 student-to-teacher ratio as well, which is below the national average of 14.2 (Data Korea, 2019[4]).

In 2018, women aged 25 to 39 who had married intended to have an average of 1.89 children (accounting for children already born and the intention to have more). This number is comparable to that of European countries with low fertility, but much lower than the “intended” number of children in countries with higher fertility rates (Figure 5.4).

Figure 5.4. The ultimately intended family size is comparatively low in Korea

Mean average actual and intended number of children, women, 25- to 39-year-olds

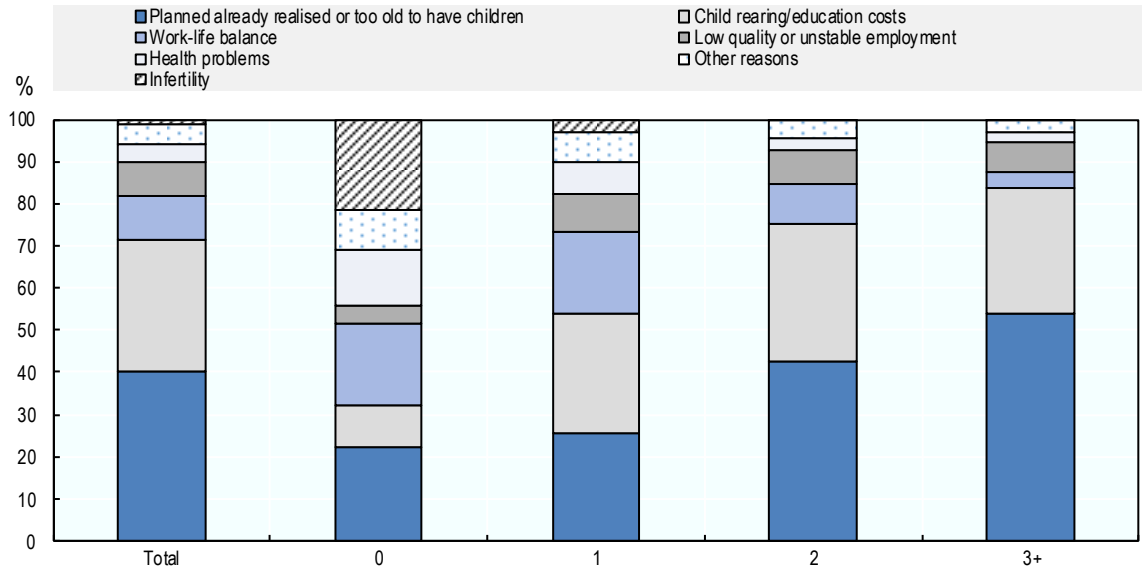


Note: For Korea, this figure may overestimate fertility intentions because the survey at hand does not account for non-married women who may not wish to marry and have children.
Source: Eurobarometer 2011: Fertility and Social Climate; for Korea, 2018 National Survey on Fertility and Family Health and Welfare; only women who ever married are covered.

The reasons for not intending to have another child are diverse. About 20% of women report having realised their fertility intentions, while another 20% consider themselves too old to have more children (Figure 5.5). The burden of childrearing and education costs is another reason why many women (around 30%) do not intend to have another child, while a further 11% refer to work/life balance issues, and 8% cite job insecurity. Infertility is a common reason for childless women (20% of women who have never had a child). The Korean government put various measures in place to address the issue.

Figure 5.5. Being too old, having already had the desired number of children, and the costs of raising children are common reasons cited by Korean women for not wanting any (more) children

Reasons for not intending to have an (additional) child, married women aged 15-49, by number of children they already have, 2018.



Note: "Work-life balance" refers to the sum of those reporting difficulties balancing work and family, lack of free-time, and the perception of household work and childcare.
Source: 2018 National Fertility and Family Health and Welfare Survey.

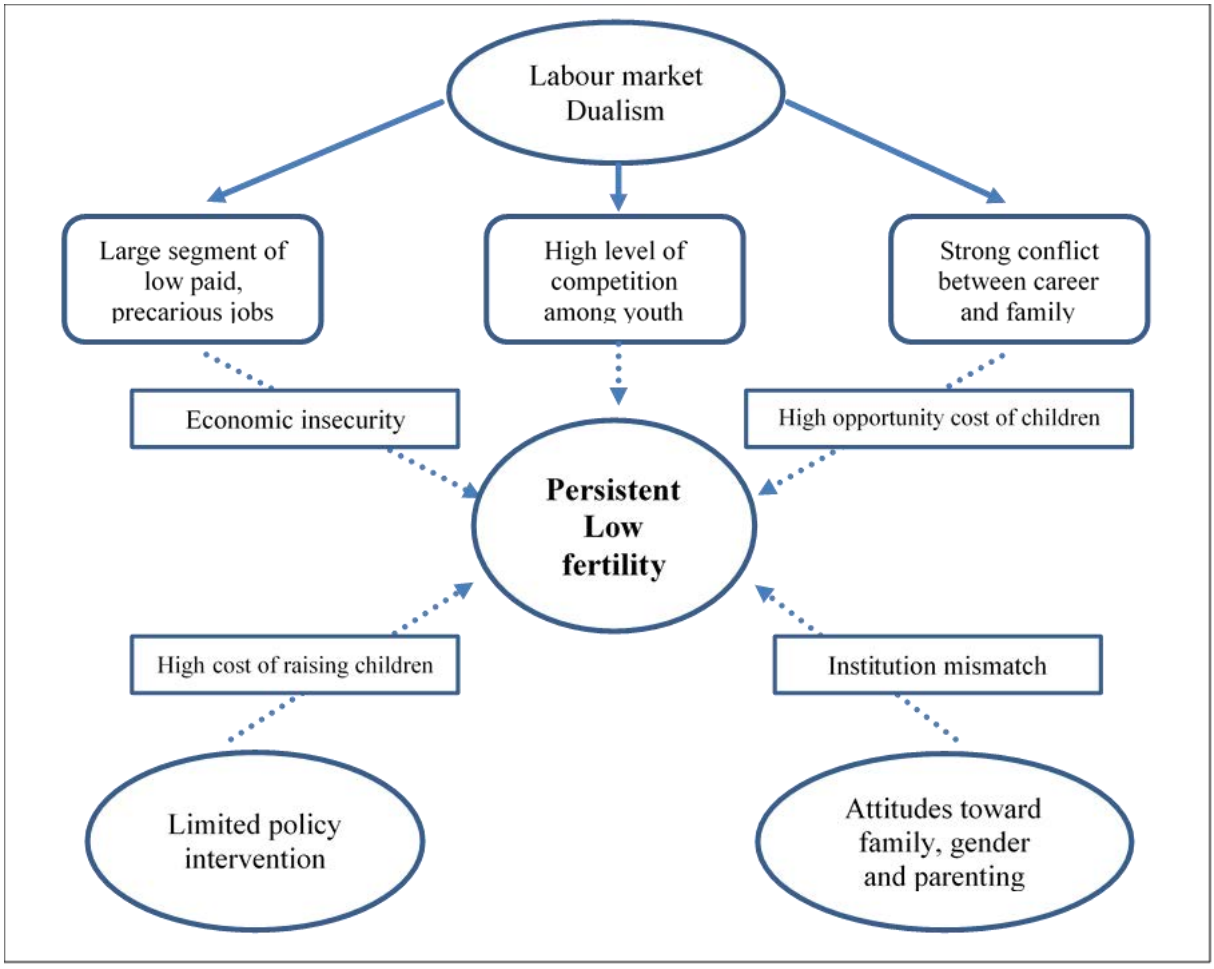
5.3. What drives the persistence of low fertility

The context in which fertility decisions are made has evolved considerably across OECD over the past several decades, and this has contributed to changes in the way fertility trends are linked to economic development. The period of the so-called "demographic transition" involved a significant decline in fertility linked to economic development (Bloom, Canning and Sevilla, 2001[5]) (Murtin, 2013[6]). However, this negative association has weakened and some of the most economically advanced countries have seen an increase in fertility rates since the late 1990s, while their economies continued to grow (Myrskylä, Kohler and Billari, 2009[7]) (Luci-Greulich and Thévenon, 2014[8]). This increase particularly concerned countries where institutions were developed to help men and women balance work and family commitments, so that countries with high rates of female employment often had fertility rates that are above the average (McDonald, 2000[9]) (Luci-Greulich and Thévenon, 2014[8]). However, some countries are stuck with TFRs around 1.3-1.4 children per woman and these "lowest-low" fertility countries (Kohler, Billari and Ortega, 2002[10]), include European countries as Greece, Italy, Portugal and Spain and Japan and Korea in Asia (Rindfuss and Choe, 2016[11]).

5.3.1. Unravelling the factors explaining low fertility

Many different factors contribute to the persistence of low fertility, which are summarised in Figure 5.6.

Figure 5.6. Factors explaining the persistence of low fertility



Source: OECD.

Labour market dualism: a challenging environment for fertility decisions

The high segmentation of the labour market creates an environment that is very challenging for fertility decision-making for three main reasons. First, it is associated with a large labour market segment of temporary jobs and other low quality employment often without social protection coverage, which contributes to a high level of economic insecurity in the labour market. Economic uncertainty makes fertility planning difficult and leads to substantial delays in first childbirth (Adsera, 2004[12]) (Adsera, 2011[13]).

Pronounced labour market dualism also creates a high level of competition across the early life course as students compete to enter the best schools and universities (Chapter 4) and compete for the best jobs and careers on entry in the labour market. Youth experience a lengthy job search period: young adults need about 1 year to get a first job upon graduation, often in SMEs, but it often takes 2-3 years before they get into stable employment in larger companies (OECD, 2019[14]). Moreover, the share of youth who are neither employed nor engaged in formal education or training (NEETs) is considerably higher than the OECD average (18.4% and 13.4% respectively). Given these uncertainties and issues around affordable housing, it is no surprise that the

vast majority of Korean youth (i.e. over 81% of those aged 15 to 29) live in with their parents, compared to about 60% across the OECD on average (OECD, 2019[14]). The highly competitive environment resulting from labour market segmentation also makes family planning difficult, which contributes to the postponement of family formation among young people.

The segmentation of the labour market also contributes to the stark choices young men, but usually young women, face when considering options to pursue both family and labour market aspirations. Workers know that the prevailing workplace culture (Chapter 3) makes it difficult to combine the two. Prospective parents know that if they interrupt their labour force participation to have children, this will cost them dearly as the chances of getting back into well-paid regular employment are small. With this knowledge, young people will first postpone the family formation decision, and may well choose not to have children at all. When women stop working to raise children, they are likely to end up in part-time work and other jobs with low pay and poor career opportunities (Blossfeld and Hakim, 1997[15]) (Esping-Andersen, 1999[16]). Raising children, then, has a high cost in terms of career opportunities that women must forego.

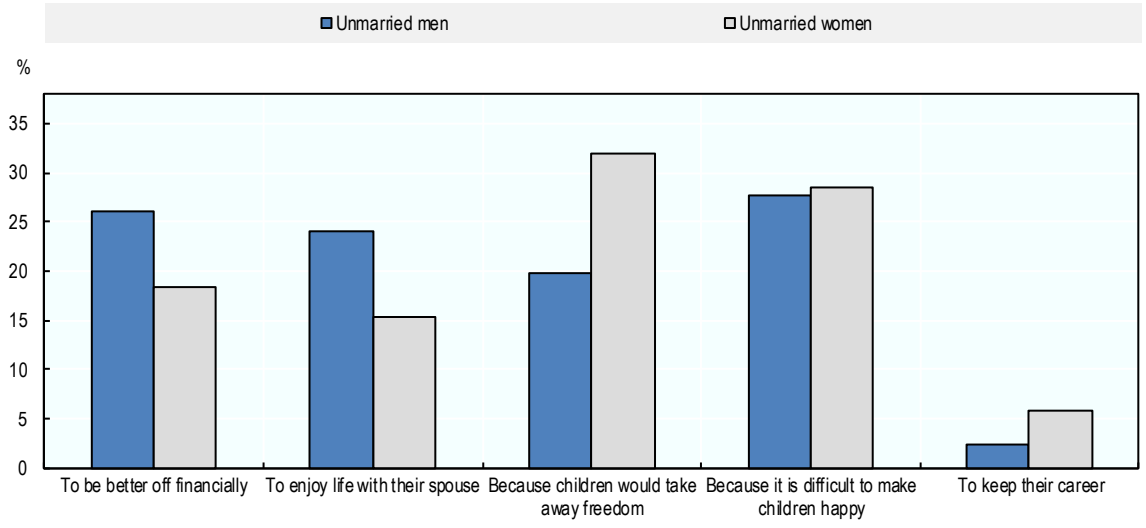
Changing attitudes towards family, gender and children

Attitudes towards family, gender and parenting norms are changing, and these changes also shape fertility behaviours. One of the factors explaining these changes is the increase in educational levels across generations, which led to changes in life aspirations as a young people enter adulthood. The prolongation of studies implies that young people stay longer with their parents and depend economically on them for longer. When they do leave the parental home, young people aspire to live a period of life without new family obligations.

In Korea, many unmarried men and women do not want children as they would like to enjoy a period of life geared towards personal and/or couple well-being and free of family obligations (Figure 5.7). In addition, 25% of the unmarried men like to enjoy their material well-being without children. Also, around 28% of both men and women think it will be difficult to make children happy, and cite this as the main reason for not wanting to have children.

Figure 5.7. Personal freedom and a preference for a period of life geared towards personal well-being are among the most common reasons given by unmarried men and women for not wanting children

Distribution of reasons for not wanting children, unmarried men and women aged 20-44, Korea, 2018.



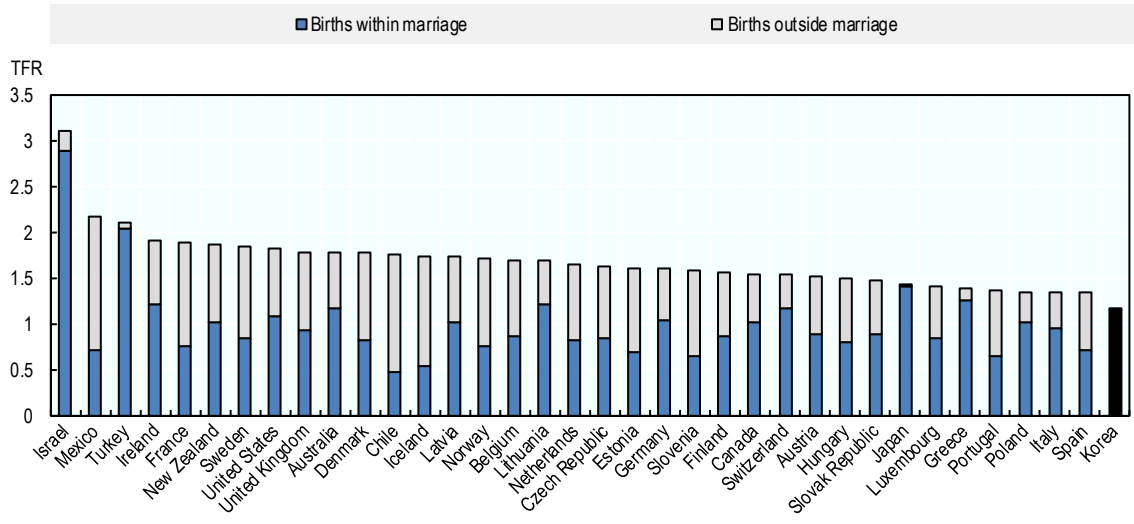
Source: Korea National Fertility and Family Health and Welfare Survey (2018).

In Western countries, social norms have changed and pathways to adulthood have diversified, which have contributed to a postponement of partnership formation and parenthood (Lesthaeghe, 2010[17]) (Wagner and Thévenon, 2017[18]). Traditionally, marriage was the necessary pre-requisite to childbearing: it was considered as the hallmark of a lasting and stable relationship that provides the secure environment in which to raise children. However, this no longer holds in many Western countries, where a large share of births take place outside marriage. The proportion of children born outside marriage is even higher than that of children born to married couples in Chile, Denmark, Estonia, France, Iceland, Mexico, the Netherlands, Norway, Portugal and Sweden, where births outside marriage contribute to a little more than one child per woman on average (Figure 5.8). In these countries, marriage often occurs after and not before a childbirth to make the environment wherein children grow up more secure, and strengthen their rights particularly in the event of the separation or death of one of the parents.

By contrast, in Korea, the traditional model of marriage before parenthood continues to hold, as it does in Israel, Japan and Turkey, where less than 2% of births are outside marriage. In Korea, non-marital births contributed at most 0.02 children to a total fertility rate of 1.17 children per woman in 2016. Since the early 2000s, fertility rates of married women have remained stable and even have increased slightly in the late 2000s. However, the proportion of married women of childbearing age has dropped sharply, from about 71% of women aged over 15 in 2000 to about 51% in 2016, leading to substantial decline in the fertility rate (Lee, 2018[19]).[2] The decline in fertility rates is linked directly to the sharp increase in postponement of marriage across the younger generations (Chapter 2).

Figure 5.8. Childbirth is strongly associated with marriage in Korea

Contributions of births outside marriage to total fertility rates, 2017.



Source: OECD secretariat calculation based on data from the OECD Family Database, http://www.oecd.org/els/family/database.htm.

Parents may also invest in greater material and emotional capital to support child development from an earlier stage than in the past (United Nations, 2011[20]). The rise in income inequality may be another factor pushing parents towards greater educational investment to enhance their children's chances to move up the socio-economic ladder (Doepke and Zilibotti, 2019[21]). However, one consequence is that parents focus their increased investment on a smaller number of offspring (Anderson and Kohler, 2013[22]).

In many countries, fathers are nowadays expected to invest more time in childcare and household chores than before (Goldscheider, Bernhardt and Lappegård, 2015[23]). Their greater involvement in childcare, from the very first months of a child's life, is regarded as a way to strengthen the father-child relationship

and improve child development (Huerta et al., 2013[24]). In Korea, however, the social role of fathers is changing slowly due to their workplace commitments and a lack of motivation to engage more in family life (Hyun et al., 2016[25]).

Whether or not greater involvement of fathers in unpaid housework benefits fertility is a contested issue. Some studies have found traditional gender role attitudes and behaviours to be associated with higher fertility, (Bernhardt and Goldscheider, 2006[26]). Others, by contrast, claim that gender-egalitarian behaviour and more equally shared domestic work increases birth rates (e.g. (Duvander and Andersson, 2006[27]) (Aassve et al., 2015[28]). Duvander, Lappegård and Andersson (2010[29]) found that the involvement of fathers in caring for the first child in particular, increased the likelihood of couples having a second child in both Norway and Sweden. Recent evidence for Korea also suggested that a greater involvement of husbands in domestic chores increases the likelihood of a second birth in households (Kim, 2017[30]) (Yoon, 2017[31]) (Kim, Yang and Sung, 2013[32]).

Fertility outcomes seem also to depend on the kind of unpaid work each partner is involved in. Miettinen, Lainiala, and Rotkirch, (2015[33]) found that when women in Finland spend less time on housework, there may be a higher probability of a subsequent birth. However, while a greater male contribution to housework does not seem to boost fertility, their increased participation in childcare does.

Influence of the institutional and economic context

The institutional context in which work/family decisions play out is important as its role is twofold: i) institutions can reduce direct and indirect (opportunity) costs of having children; and ii) institutions can reduce the uncertainty on work/family decisions by providing assistance that makes the consequences of having children less costly and more predictable. In this regard, policies that could potentially increase fertility include:

- Family benefits (financial and in-kind supports) and education subsidies that reduce the cost of raising children. More broadly, policies that reduce families' living costs (including housing and health policies) can help alleviate household budgetary constraints.
- Policies that foster the reconciliation of work and family life, in particular through rights around childbirth (Chapter 3), the provision of childcare and out-of-school-hours care services (Chapter 4) and flexible workplace arrangements (Chapter 3).
- Policies that promote a family-friendly environment and a higher level of life satisfaction for parents and children, with potentially substantial effects in Korea (Mencarini et al., 2018[34]).

An economic crisis can have a negative impact on fertility because of its effects on employment, living standards, and uncertainty for the future (Sobotka, Skirbekk and Philipov, 2011[35]). These effects can be long lasting. For example, Korea experienced a deep economic recession after the 1997 financial crisis (OECD, 2000[36]) that contributed to delay in marriage and childbearing among the Korean youth and smaller families for older generations (Kim and Yoo, 2016[37]). The economic recession reinforced demographic trends that had emerged before the crisis (Yoo and Sobotka, 2018[1]).

5.3.2. How do fertility trends relate to labour market features?

What is the evidence for OECD countries?

How do fertility rates vary with changes in labour market characteristics? Figure 5.9 answers this question by showing the main findings of a cross-country analysis of fertility trends and employment characteristics over the 1995-2016 period. The main findings include:

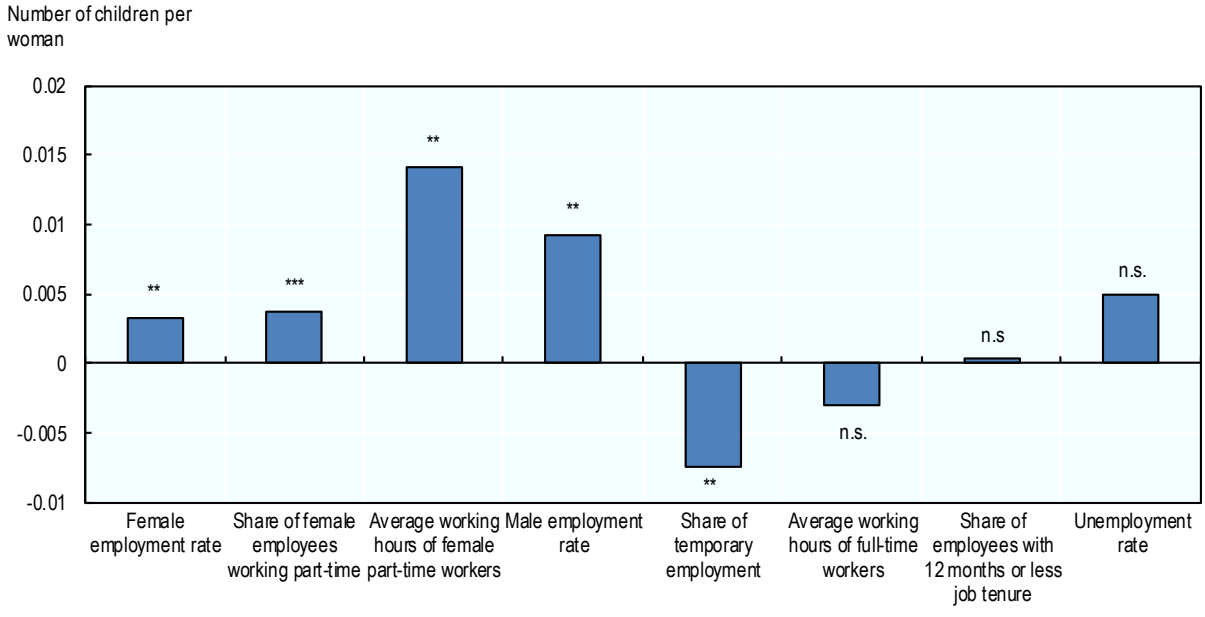
- The female employment rate for women aged 25 to 54 has risen sharply since the mid-1990s (+9.5 percentage points on average across the OECD), and this increase is positively associated

with fertility rates. *Ceteris paribus*, a 1-percentage-point increase in female employment is associated with a 0.003 increase in the number of children per woman. This confirms results of earlier studies that show that increased female employment can stimulate fertility in a majority of OECD countries (Engelhardt, Kögel and Prskawetz, 2004[38]) (Luci-Greulich and Thévenon, 2014[8]).

- Increases in the share of women working part-time (i.e. 30 hours a week or less) also share a positive association with fertility rates. *Ceteris paribus*, a one percentage point increase in the incidence of female part-time work is also associated with an increase in the fertility rate by about 0.003 children per woman.
- An increase in working hours of female part-time workers seems to be associated with a positive effect on fertility rates, especially when the number of working hours is around 20 to 25 hours per week.
- There appears to be a substantial positive association between fertility trends and male employment rates. This suggests that the -4.8 percentage point decrease in male employment rates in Korea between 1995 and 2016 contributed to the continued decline in fertility rates.
- The increase in temporary employment (+2 percentage points on average across the OECD since the mid-1990s) appears to be negatively related to fertility rates. This suggests that the decline in temporary employment over the past decade in Korea (-6 percentage points between 2006 and 2016) contributed to limiting the decline in fertility rates. However, at 16%, the incidence of temporary employment remains well above the OECD average at 11%.

Figure 5.9. Labour market characteristics and fertility in the OECD

Estimated association between labour market factors and fertility trends.



Note: The figure shows the effects, all other things being equal, of over time increases in the variables represented on the horizontal axis on the total fertility rate from 1995 to 2016. For each variable, the marginal effect is estimated at the sample mean. Estimates are based on two-way fixed-effects model with panel-corrected standard errors. ***, ** and * represent significance at 1%, 5% and 10% level, respectively; n.s.: non-statistically significant. Detailed results are available on request.

It may be that the decrease in the average working hours of full-time workers from 1995 to 2016 across the OECD is associated with higher fertility. However, the effect is not statistically significant (Figure 5.9).[3]

How do labour market conditions influence fertility in Korea?

Women's employment participation in Korea has increased substantially over the past two decades. Like elsewhere in the OECD, many young women want to establish themselves in the labour market before establishing a partnership and building a family (Ma, 2013[39]). However, unlike in many Western countries, upon childbirth, women often withdraw from the labour market for a prolonged period (Ma, 2016[40]).

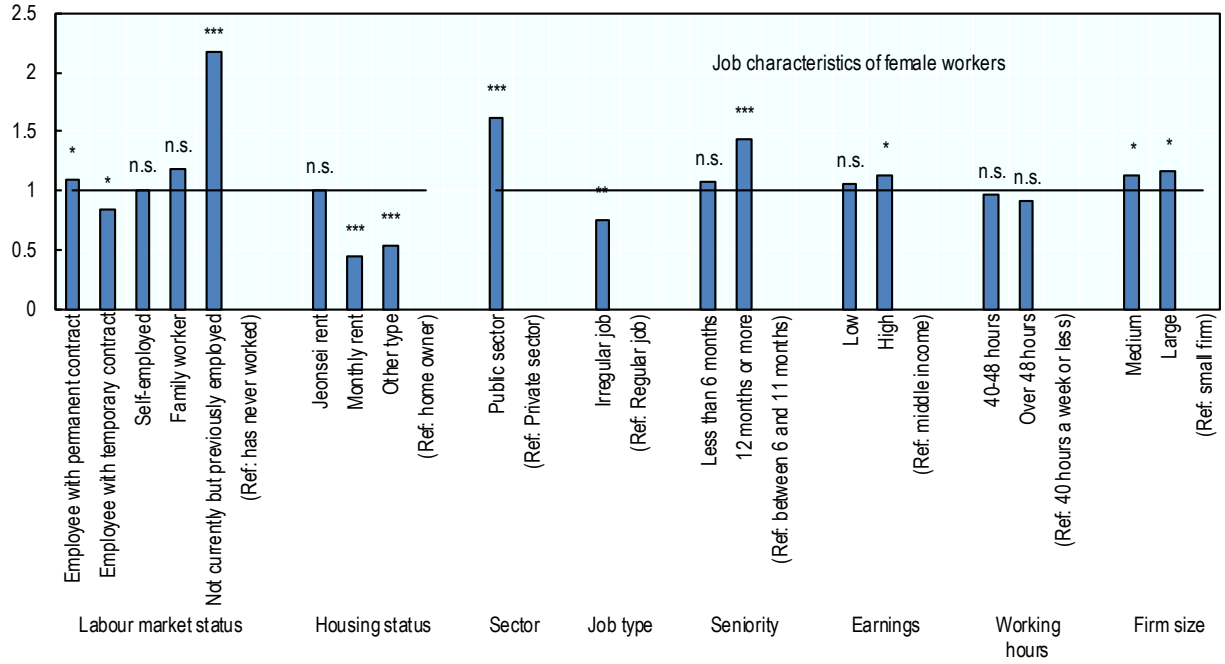
The analysis of individual longitudinal data facilitates a look at the relationship between female employment and the chances of giving birth to a first and/or second child in Korea. The main results of this analysis include (see Figure 5.10):

- Women are most likely to enter motherhood (and to do it quickly) when they have a job before having a first child. Women with a permanent employment contract are more likely to have a first child than those who have never worked, while women with temporary employment contract are less likely to have their first child.
- Several effects suggest that job stability and employment security increase the chances of having a first child. These effects include: having a temporary job reduces the chance of having a child; being employed for a year or more increases the chance of having a child; and civil servants are more likely to have a first and a second child than those working in the private sector.
- Women in non-regular employment have a lower propensity to have a child than women in regular employment; working for a large rather than a small firm increases the likelihood of having a child.
- Women who worked before the birth of the first child and who were no longer working after childbirth are more likely to have a second child (Figure 5.10, Panel B). Women in non-regular employment have a greater chance of having a second child, probably because the opportunity costs in career terms are lower than if the woman holds a regular job before having a second child.
- Wages and working hours have no noticeable impact on fertility decisions.
- Housing status matters: tenants paying a monthly rent are less likely to have a first child. This makes sense because this housing status is often associated with a lack of financial resources.

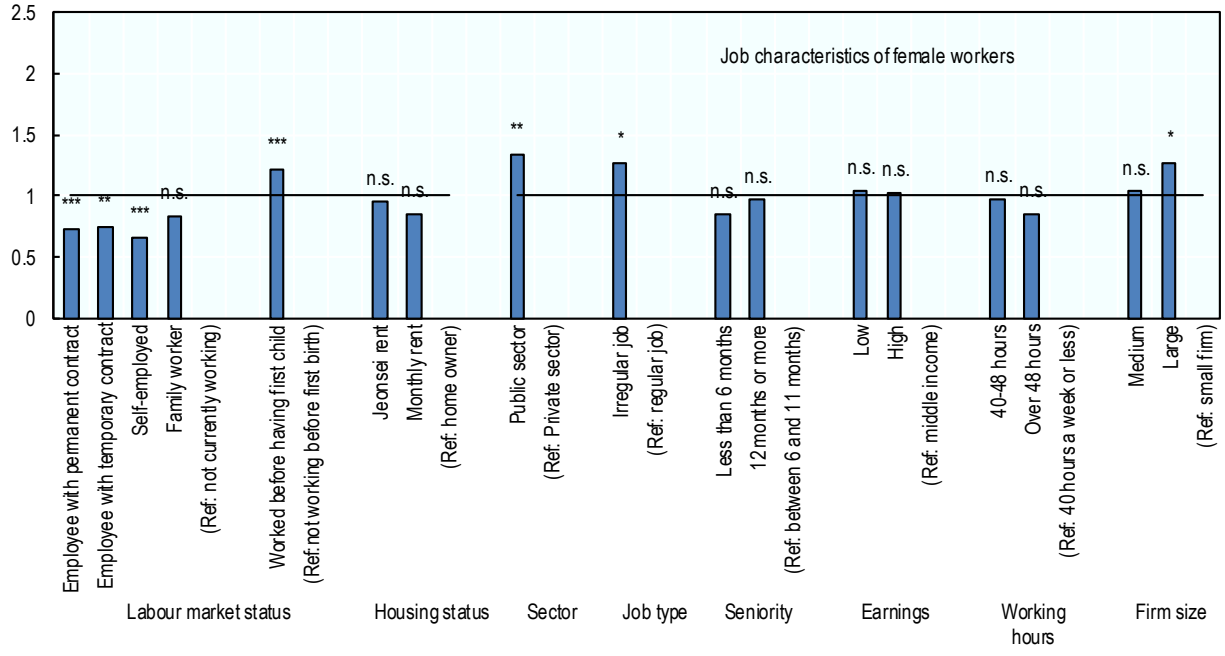
Women's participation in the labour market before family formation has become increasingly common in Korea, as in many other OECD countries. Women who had labour force experience prior to the first birth show also a higher propensity to have a second child, which suggests that making a good start in employment is key for building a family. However, once settled into the labour market, women who continue to work after a first birth are less likely to have a second child than those who interrupt their labour market participation to establish a family. Fertility decisions then depend on the effect that having a second child may have on a career. This cost is lower for public service employees whose job security is high and women in non-regular jobs with limited career prospects. However, it is higher for women in regular employment in the private sector who, irrespective of their other characteristics, are less likely to have a second child.

Figure 5.10. Influence of women's labour market participation on fertility in Korea

Panel A: Estimated effects of job and labour market characteristics on the probability of having a first child.



Panel B: Estimated effects of job and labour market characteristics on the probability of having a second child.



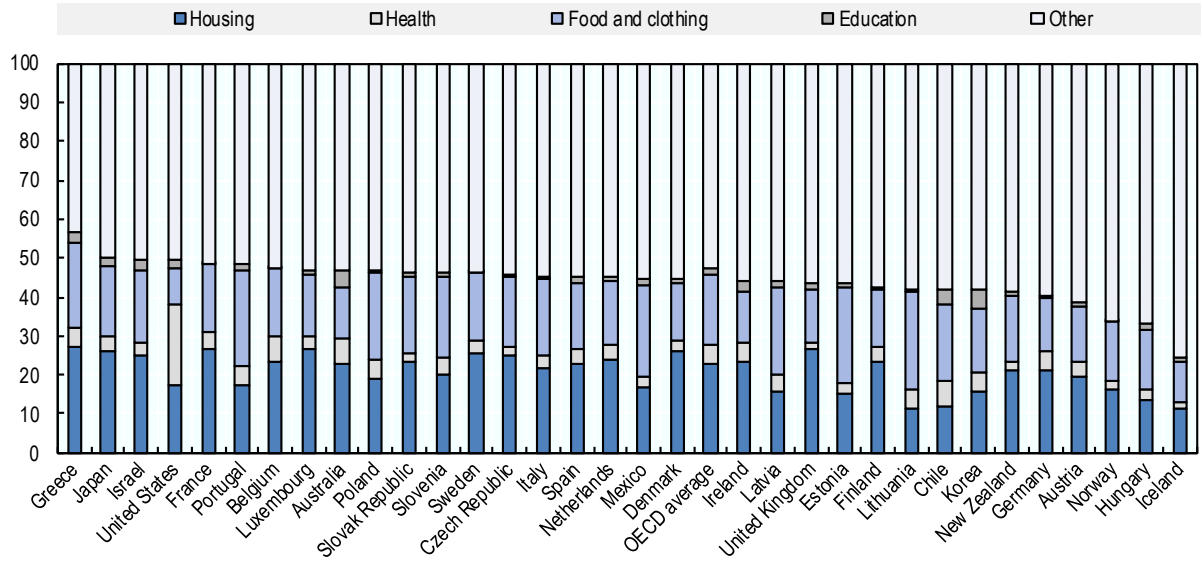
Note: The figure shows the results of an event history analysis on the likelihood of having a first (Panel A) and second (Panel B) child, based on pooled panel data from 1980 to 2016. Coefficients reported on the left-hand side of the two panels are based on data including all women, working or not, from age 15 to 49; the coefficients reported on the right-hand side focus on the role of job characteristics for working women only. When coefficients are higher than 1, it means that women with the corresponding characteristic have a higher probability of having a first or second child than those with the "reference" characteristics. For example, women who have worked but are no longer working at the time of child conception are 2.1 times more likely to have a first child than those who have never worked, other things being equal; conversely, a coefficient that is lower than 1 reflects a lower propensity to a one birth, relative to the reference category. ***, ** and * represent significance at the 1%, 5% and 10% levels, respectively; n.s.: non-statistically significant. Detailed results are available on request.
Source: OECD secretariat estimates based on data from the Korean Labor and Income Panel Study, 1998-2016.

5.3.3. Household consumption and its relationship with fertility

Raising children involves new outlays and shifts in household consumption patterns, which, for some households, may be an obstacle to having more children. Among these costs, one of the most important is that of housing because parents may need to move to a home with a larger number of rooms or they may want to move to an area that has a more child-friendly environment and good schools. Across the OECD, the share of household budgets allocated to housing is increasing and housing represents 23% of household final consumption on average (Figure 5.11). In contrast to this average trend, the share of housing in households' final consumption has declined over the past decade in Korea, and at 18% is well below the OECD average.

Figure 5.11. Household expenditures by broad categories

Share (%) of housing expenditures in household final consumption, current prices, 2016.



Source: OECD National Accounts Database, http://www.oecd.org/sdd/na/.

The presence of children also affects household food and clothing expenses, although it is possible to achieve economies of scale, for example, by reusing clothing purchased for a first child for subsequent children. Across the OECD, about 18% of household consumption is spent on food and clothing, and this amount is slightly higher in Korea (20%).

Raising children involves new expenditures on childcare, medical care, education and leisure. The national accounts do not facilitate an identification of spending on these items for children, but overall spending shares on these items is relatively small compared to spending on food and housing. This is due to high public investment in health and education, which reduces private costs. Nevertheless, Korean households spend three times more than the OECD average on education because of high private outlays on education during the schooling and university years (Chapter 4). Korea has also experienced significant growth in the share of health

expenditure in household consumption (+2.5 percentage points since 2000), as the share of out-of-pocket (OOP) payments towards medical goods and services is significant.

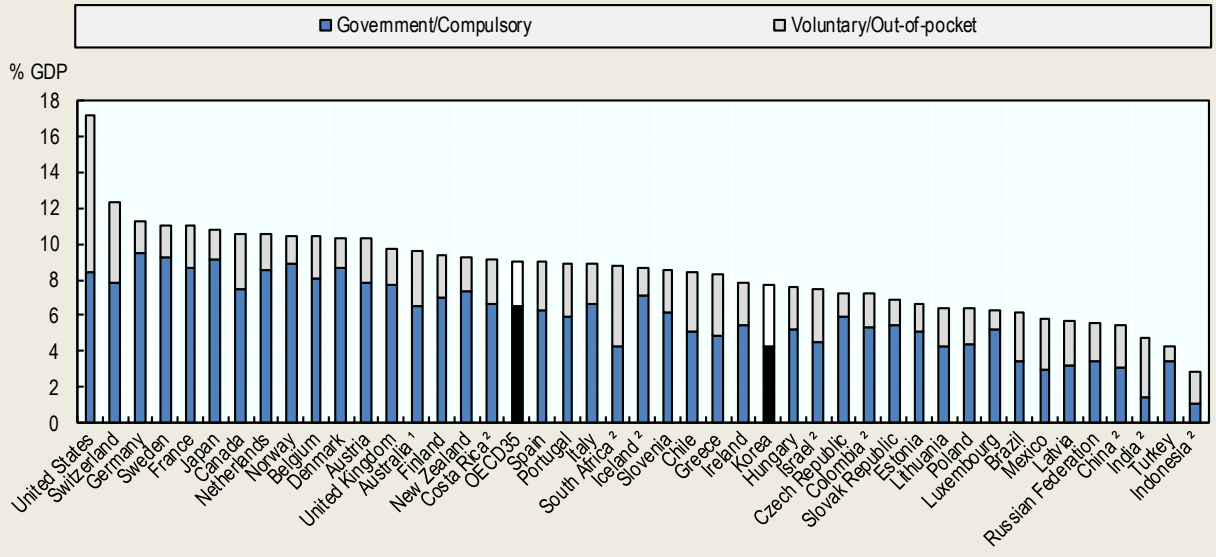
Box 5.2. Health expenditures in Korea

Healthcare is financed through the National Health Insurance (NHI), which covers the entire population. Other than some very new and costly technologies, most health-care services, including medical check-ups and cancer screenings, are covered and financing involves considerable cost sharing. Public expenditure accounted for 56% of total health expenditure in 2016, up from 39% in 1995. Health insurance contribution payments play a large role in health-care financing, while the role of tax-financed spending is relatively small.

Patients pay 20% of the cost for insured services covered by the NHI regarding inpatient care, and different cost-sharing ratios apply to outpatient care, depending on the health service provider. Low-income clients are exempt from cost sharing at the point of service, and vulnerable patient groups can make use of reduced co-payment rates. OOP payments for insured services are subject to a maximum and ceilings vary with household incomes. The percentage of OOP payments in total health expenditure has increased from 52% in 1995 to 63% in 2016. Nevertheless, OOP spending remains considerable, and increasingly, they concern payments for uninsured services, rather than co-payments to services, covered by the NHI.

Health expenditure has increased rapidly. Total health expenditure as a percentage of GDP has doubled over the past 20 years from 3.7% in 1995 to 7.7% in 2016 (Figure 5.12). Over the past 10 years, the mean annual real growth rate of health expenditure was exceeded that of GDP. Korea has experienced one of the highest rates of increase in health expenditure among OECD countries.

Figure 5.12. Health expenditure as a share of GDP, 2016 (or nearest year)



Note: Expenditure excludes investments, unless otherwise stated. 1. Australian expenditure estimates exclude all expenditure for residential aged care facilities in welfare (social) services. 2. Includes investments.
Source: OECD Health Statistics 2017, WHO Global Health Expenditure Database.

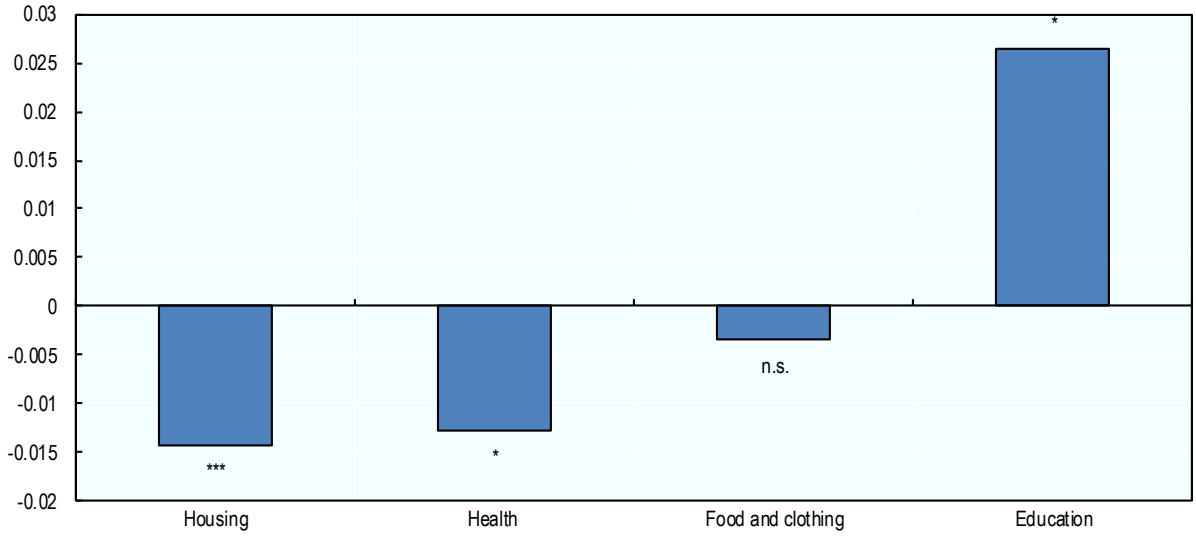
How do household expenditures relate to fertility?

The price of consumption and changes therein affect household consumption decisions, and in extreme cases, high costs of child-related outlays (e.g. education, housing) can contribute to households having fewer children than they would like in the absence of budgetary constraints. In practice, it is very difficult to determine what role budgetary constraints play in fertility decisions.

Figure 5.13 illustrates the associations between fertility trends and increases in the share of consumption that goes to housing, health, food and clothing and education across the OECD. It shows that fertility trends share a negative association with the share of housing expenditures in household consumption: a 1% increase in the share of housing expenditure is associated with a lower fertility rate of about 0.014 children per woman. Housing prices increased significantly from the late 1990s to 2008 on average in the OECD before falling sharply as a result of the 2008/9 financial crisis. In many countries, housing prices started to rise again from 2013. Rents have also increased significantly since the early 2000s across the OECD (*OECD Affordable Housing Database*).

Figure 5.13. Household expenditures and fertility

Association between fertility rates and the share of each spending category in household final consumption, OECD.



Note: The figure shows the effects, *ceteris paribus*, of increases over time in the share of the various categories of expenditures in household final consumption on the total fertility rate from 2000 to 2016. These estimates are based on a cross-national time series analysis. Estimates based on two-way fixed-effects model with panel-corrected standard errors, and include other controls. ***, ** and * represent significance at 1%, 5% and 10% levels respectively; n.s.: non statistically significant. .Detailed results are available on request.

In Korea, rents have gradually increased since the early 2000s, while the increase in real house prices halted during the late 2000s. Various studies suggest that the housing costs and regional housing market conditions influence fertility in different ways. First, higher housing costs makes marriage less affordable for young adults who live with their parents, so young adults living in areas with higher housing prices tend to marry later (Lee and Lee, 2010[41]) (Lim, Kang and Ma, 2018[42]). Mortgage repayments and rent payments often compete with other household expenses related to children, and couples with higher shares of housing expenditures tend to have fewer children (Lee, Im and Lee, 2009[43]); and, at a more aggregate level, regions with higher housing prices tend to have lower fertility rates (Kim and Hwang, 2016[44]).

Beyond the cost involved, housing status is a marker of households' wealth and economic security. Home owners tend to have children earlier than couples who rent their homes, and the difference in behaviour is greater in periods when the cost of housing is rising (Seo, 2013[45]; Lee and Noh, 2017[46]). Not all forms of housing rentals are the same. Households who can rent a dwelling by paying a large deposit or Jeonse (Box 5.3) are often wealthier than those who pay a monthly rent, or they have parents who provide some financial support. By contrast, households who pay monthly for their dwelling often cannot afford to make the large deposit (Lee and Choi, 2012[47]). For this reason, women in couples renting their home on a monthly basis have a lower chance to have a first child than their counterparts who rent by means of Jeonse (Figure 5.10). This finding is consistent with (Bae and Han, 2016[48]) who found that newly-married households with self-owned homes on average had children earlier in life than tenants. Moreover, while Figure 5.10, Panel B does not show statistically significant effect of housing status on a second birth, (Doh and Choi, 2018[49]) found that renters paying a monthly rent are less likely to have a second child than those who rent through Jeonse.

The quality of the housing matters, and in particular its size since fertility is higher for households in larger dwellings (Lee, 2013[50]) Lee (2013[50]) also found that fertility rates were highest for those who spent at least 5 years in their dwellings compared to those with a shorter rental period. Fertility is also higher in neighbourhoods with quality childcare facilities and where households report a higher level of satisfaction with regards to the quality of their residential environment (Lee and Noh, 2017[46]).

The share of health expenditure in consumption is negatively associated with fertility rates. This is consistent with the fact that the health status of a couple's partners is reported as the main reason for not intending to have additional children by 4% of all married women aged 15 to 49 and by more than 13% of childless women.

Unlike what is observed for the previous items, a positive association exists between fertility trends and the share of education expenditures in final consumption. This positive association suggests that, overall across OECD countries, households adjust their consumption by allocating more resources to education as the number of children increases.

The costs of education, however, can be a barrier to fertility. The burden of education costs is cited as the main reason for not planning to have another child by about 31% of married women aged 15 to 49. However, the evidence that education costs deter households from having children is limited. For instance, (Shin, 2008[51]) found no significant effect of childcare and education costs on fertility, but this result is likely to be due to data limitations regarding the full care and education cost of children. By contrast, a more recent time series analysis of 17 metropolitan municipalities in Korea found that private education costs are negatively associated with fertility rates (Choi and Won, 2018[52]). In addition, (Song and Shin, 2017[53]) point to a positive correlation between the increase in family income and per capita private education expenditures, which reflect the increased demand for high quality education of children. The decline in fertility, therefore, seems to be part of a change in parents' attitudes, who tend to invest more and more in the education of a smaller number of children.

Box 5.3. Housing tenure and policy in Korea

There are three broad types of housing tenure in Korea: owner-occupied, Jeonse, and monthly rentals with deposits (MRD). Owner-occupied is the main housing tenure type in Korea but its level is decreasing. The national level of owner occupancy fell from 58.6% in 1980 to 53.6% in 2014, lower than in some advanced OECD countries. The level of homeownership is comparable with other countries such as France, Japan, the United Kingdom and the United States (OECD, 2018[54]).

Rental tenure in Korea is unique because of the existence of Jeonse. Under a Jeonse contract, the tenant makes a large upfront deposit – up to two years rents often 55% of the value of the dwelling or more – to the landlord during the signing of the lease. The tenant(s) do not pay monthly rent during the lease period. The deposit is fully refundable at the termination of the lease. Jeonse emerged during the times of housing shortages, high interest rates, rising housing prices, and inadequate mortgage financing.

The share of Jeonse in tenures has dropped from 23.9% in 1980 to 19.6% in 2014, while the share of the monthly rentals (23.9% in 2014) has been rising. However, house prices have stabilised and interest rates have fallen to record lows, challenging the economic viability of Jeonse from the landlord's perspective. In recent years, there has been an increase in demand for Jeonse dwellings, while supply has fallen. Without parental support, the Jeonse system is difficult to afford for young couples. According to the Newly-married Households Housing Status Panel Survey in 2016, 47.1% of newly married couples lived in flat rented in the Jeonse market, 31.4% were living in one's own house, 13.9% paid a monthly rent, and around 7% benefited from government provided free housing (MLIT, 2016[55]).

In order to facilitate access to the Jeonse market, public authorities offer low-interest loans to young people. To pay for the deposit, young people under 25 years of age can borrow up to KRW 35 million (USD 31 818) at a rate of between 1.8 and 2.7%. Newly married couples can benefit from special loans to buy a home or to rent a Jeonse flat for ten years, with an interest rate that is fixed and about 1% lower than the market rate. Young people under 35 can also borrow up to KRW 9.6 million (USD 8 727) over two years at a rate of 1.5% to pay monthly rent on the rental market.

Over the past decades, Korea's housing policy aimed to close the quantitative housing gap and to improve housing quality. Housing affordability, however, has emerged as a newer challenge for policy makers in Korea (OECD, 2018[54]). As a result, the current housing policy agenda aims to alleviate the housing cost burden for young people, newlyweds, and multi-child families by: i) supplying and providing maintenance of public rental housing (200 000 units for public rental housing annually); ii) enhancing the coverage of housing allowances; iii) improving the regulation of the private rental market; and iv) increasing the number of loans for both rental housing and housing for purchase. The government aims to boost the supply of rental homes for newlyweds in city centres, and families with multiple children will have priority access to larger homes through the National Rental Housing Scheme (for a rental term of five or ten years). In choosing accommodations, parents will also consider the quality of the local environment in terms of access to public services, good quality childcare services, schools, jobs and commuting opportunities (OECD, 2018[54]).

There are two main channels to address housing affordability at the local level. First, local governments through local housing associations funded by the national housing urban fund, can provide public or social rental housing at below market rents to low-income and vulnerable households. Second, local governments can implement measures that reduce house prices and rents in the private housing market through land use regulations and the building approval process. Strict land use regulations can prevent housing supply from adjusting to growing demand, thereby increasing house prices. One policy

measure applied in OECD countries is for local governments to require property-developers to make a share of newly built housing available to low-income residents (at below market rents).

The expansion of the stock of public rental housing will contribute to helping families find good quality affordable housing. Boosting the supply of public rental housing can also contribute to curtailing private rent prices. However, as social housing tenants can be reluctant to give up low rents and secure tenancies, the extension of social and community housing may be an obstacle to labour mobility.

5.4. Pathways towards a rejuvenated Korea

There are tensions in Korea between modern attitudes, traditional family expectations and prevailing social and workplace practices, at the same time as issues around job-insecurity, low pay, housing and education costs. All these factors affect the timing and willingness of young people to marry and have children. To stop the fall in birth rates, or better still, to turn trends around towards more sustainable long-term patterns; policy has to better help (prospective) parents feel secure enough to have children. Korean family policy is already moving in that direction. An extensive set of measures has been put in place since the early 2000s (Chapter 1), including comparatively generous parental leave entitlements (Chapter 3) and the extremely rapid development of a wide range of ECEC services and OSH-care services (Chapter 4). Some of these measures have shown a positive effect on fertility, but their effectiveness can be strengthened by enabling youths to get a good start as adults (5.4.1), raising the use of parental leave entitlements (5.4.2) and flexible work time arrangements (5.4.3), and by investing more in family well-being (5.4.4).

5.4.1. Easing the labour market transition of youth

Korea's labour market is highly segmented, and this segmentation is one of the drivers of persistently low fertility. It generates a high level of competition across youth to get access to stable jobs and good career opportunities, and leads to a large group of workers facing high levels of job insecurity and low levels of social protection. This is hardly compatible with starting a family. For this reason, many couples post-pone the birth of their first child until after they have gained professional experience and achieved a minimum of job stability; being in stable employment for more than 1 year is one factor that influences the probability of starting a family.

Policies to ease the transition to adult life by helping young people to have stable jobs are crucial to enable them make birth plans. Young adults often need about one year to get a first job upon graduation, often in an SME, and it frequently takes around 2-3 years before they get into stable employment in larger companies. Only two out of three 15- to 29-year old workers had access to employment insurance benefits in 2016, and strict eligibility criteria keep the proportion of 20- to 39-year-olds on social assistance (the Basic Livelihood Security Programme) to around 1%. OECD (2019[14]), *Investing in Youth: Korea,* elaborates on different measures that are needed to help youth have a good start in the labour market, including:

- Address labour market duality by easing employment protection legislation, reforming large business groups and enhancing dynamism in small firms, and support companies in altering their recruitment practices by providing training in competency-based hiring and introducing intermediary matching services for small and medium-sized enterprises.
- Improve the school to work transition by enhancing employment supports and improving the effectiveness of career guidance and counselling, and ensuring quality improvements in secondary vocational education, including through more and deeper connections with industry. Extend the coverage of apprenticeships among companies and youth and reduce their cost for employers.

- Extend coverage of social protection among young people, including a more effective enforcement of social insurance legislation, widening the coverage of social protection among non-regular jobs, monitoring access to Earned Income Tax Credits among young workers and easing access to the Basic Livelihood Security Programme, by abolishing the strict rules on family support obligations (OECD, 2019[14]). There is a risk that increased access to social benefits increases the period of job-search. However, measures, including in-work benefits that raise the real earnings of youth employed by SMEs closer to wages for those working for large enterprises would mitigate the implications of labour market duality. The increase in real earnings for young workers can help provide a more solid basis for starting a family.
- Increase coverage of housing support to young people. Currently, the government offers low-interest loans for housing deposits under the Jeonse system to young people, and young people under 35 with low income and no parental support can also borrow at reduced rate to help with monthly rent. However, renting housing outside the Jeonse system tends to delay the birth of a first child, regardless of income and employment status. Extending housing support to more young people can help reduce the barriers that housing can create to family formation.

5.4.2. Increase the use of paid leave to care for children

The effectiveness of maternity and parental leaves as a family support policy is limited, as large groups of workers are reluctant to use it or do not have access to paid leave around childbirth, even though recent reform tried to extend coverage (Chapter 3). Eligibility for maternity leave has proved to have a positive effect on fertility. Kim (2017[56]) estimates that eligibility for maternity leave has had a positive effect on the birth of a first child equivalent to about 0.04 children per year, and 0.06 children for a second child. However, the same study also points out that women in many occupations are not eligible to either receive maternity or parental leave, which pushes women who want to have a child without having to leave their jobs to businesses that offer paid parental leave. Conversely, many women who are not entitled to employment-protected parental leave may postpone childbirth or defer it indefinitely. Making paid leave available to a larger group of workers will reduce the need for prospective parents to be strategic in choosing their occupation and workplace.

Higher rates of earnings replacement over the leave period are also crucial to increase leave take-up and reduce socio-economic differences in labour market and fertility outcomes. The provision of income support during leave can have a small positive effect on fertility rates, while the duration of child-related leave has no impact. Despite repeated increases in payment rates and ceilings, parental leave in Korea is comparatively low paid (Chapter 3). An increase in the level of payments for the first few months of leave can increase uptake and provide the income security that couples are looking for in order not to delay the birth of children. One way of achieving higher payment rates is giving parents the option to use leave for shorter periods at higher payment rates, while using paid leave on a part-time basis (with regular earnings for the rest of the period of leave) can also sustain family incomes (Thévenon and Gauthier, 2011[57]).

Such a reform may also promote a more equal sharing of leave entitlements, which reflects the aspirations expressed by a large part of the Korean population. German policy reform since the mid-2000s provides an example of leave reform that offers higher payment rates for shorter durations: a 12-month paid leave at 67% of the parents' past earning including a 2-month bonus if both parents take at least two months leave. The leave can be taken on a part-time basis, in which case the allowance can be paid for 20 to 24 months, and is associated with an increase in fertility among highly educated women in their mid-thirties (Bujard and Passet, 2013[58]) (Stichnoth, Stichnoth and Holger, 2014[59]) (OECD, 2017[60]).

If the increase in the payment of leave leads to more women returning to work, there is a risk that, after the birth of a first child, mothers delay the birth of a second child and/or do not have another child. To limit this risk, it is possible to extend the paid leave entitlement if another birth occurs within a specified interval. The Swedish paid leave system extends eligibility to paid leave at the same payment rate as for the

previous child if an additional child is born or adopted within 30 months since. The evidence suggests that this "speed premium" contributed to accelerated births, but its effect on the completed fertility rate and family size in Sweden is unclear (Box 5.4).

Box 5.4. The speed premium in Sweden

Since the mid-1980s, parents in Sweden who give birth to another child within 30 months of the birth of the previous, one can continue to receive income support during paid leave at the same level of payment as when they went on leave for their previous child. This is commonly known as the "speed premium" and it is financially advantageous for parents who would otherwise go back to work after the first child, but who reduce working hours and earnings and would, therefore, qualify for a lower payment rate.

This premium has been found to reduce the spacing between the first and second birth and it also accelerated the timing of a third, a phenomenon that has persisted across economic cycles (Hoem, 1993[61]) (Neyer and Andersson, 2008[62]). The impact on completed fertility is nevertheless uncertain, and recent evidence suggests that its effect on birth spacing is nowadays quite small (Miranda, 2019[63]). There is also evidence that the speed premium has enabled mothers to reduce their activity without loss of family income, and that following the adoption of the speed premium, the school performances of the "already-born" children improved (Ginja, Jans and Karimi, 2019[64]).

Higher payment rates are likely to increase the number of fathers to take paid leave around childbirth and contribute to care provision at home (Chapter 3). However, whether this will positively or negatively influence fertility is an open question. On the one hand, the time off taken by the father can help reduce the time mothers spend on childcare and reduce their stress, which has a positive impact on fertility, as shown by (Kim, 2017[65]) (Lim, Kang and Ma, 2018[66]). The care experience may also change a father's preferences towards having another child. On the other hand, the increase in father's caring contribution after first childbirth may lead to mothers going back to work rather than having another child; or realising what childcare work actually involves, some fathers may become more reluctant to have another child.

There are not many studies looking at the effect of fathers taking leave and fertility outcomes, but (Song and Jo, 2019[67]) found that in Korea fathers working in companies where paid leave is available are less likely to have the second birth. Similar evidence exists for Spain where the introduction of two weeks paternity leave in 2007 was found to be responsible for a slower transition to a subsequent child in couples where fathers took leave (Farré and González, 2019[68]). By contrast, in Sweden, Iceland and Norway, fathers using leave after the introduction of a fathers quota in the parental leave system were found to be more likely to have a second child (Duvander et al., 2016[69]). The limited evidence that is available, thus, seems to suggest that fathers taking leave may have a negative, but in any case small, effect on fertility in economies with dual labour markets and where attitudes towards household division of labour remain traditional to some extent.

5.4.3. Enhancing workplace flexibility

Difficulties in reconciling work and family life is the main reason for not intending to have a child for about 20% of women without or with only one child (Figure 5.5). Greater flexibility in working time arrangements can help to overcome this situation. This involves:

- *Expanding opportunities to voluntarily work part-time*. The analysis above suggests that, unless the reduction in working time in Korea is significant, it will not lead to a significant increase in fertility. By contrast, the development of part-time work for less 30 hours per week can help boost fertility, as shown above and corroborated by other comparative or national studies (Sleebos, 2003[70]) (Ariza, De la Rica Goiricelaya and Ugidos Olazabal, 2003[71]) (Begall and Mills, 2011[72]). In Korea,

employees who voluntarily work part-time are 2 percentage points more likely than full-time workers to have a child (Kim, 2018[73]), and they are found to give birth to a second child more frequently (Han and Lee, 2015[74]).

- *Increasing control on work schedules*. International comparisons suggest that higher levels of job strain (time pressure) significantly reduce fertility intentions for mothers when childcare availability is constrained, and that women with higher levels of work control are significantly more likely to intend to have more children (Begall and Mills, 2011[72]) (Choi, Yellow Horse and Yang, 2018[75]). In Korea, working time flexibility is found to decrease the interval between the first and the second birth (Han and Lee, 2015[74]). Flexible working time is also found to improve family life satisfaction and reduce parenting stress, which are two factors affecting women's willingness to have additional children (Choi and Ahn, 2018[76]).

5.4.4. Invest more on family well-being

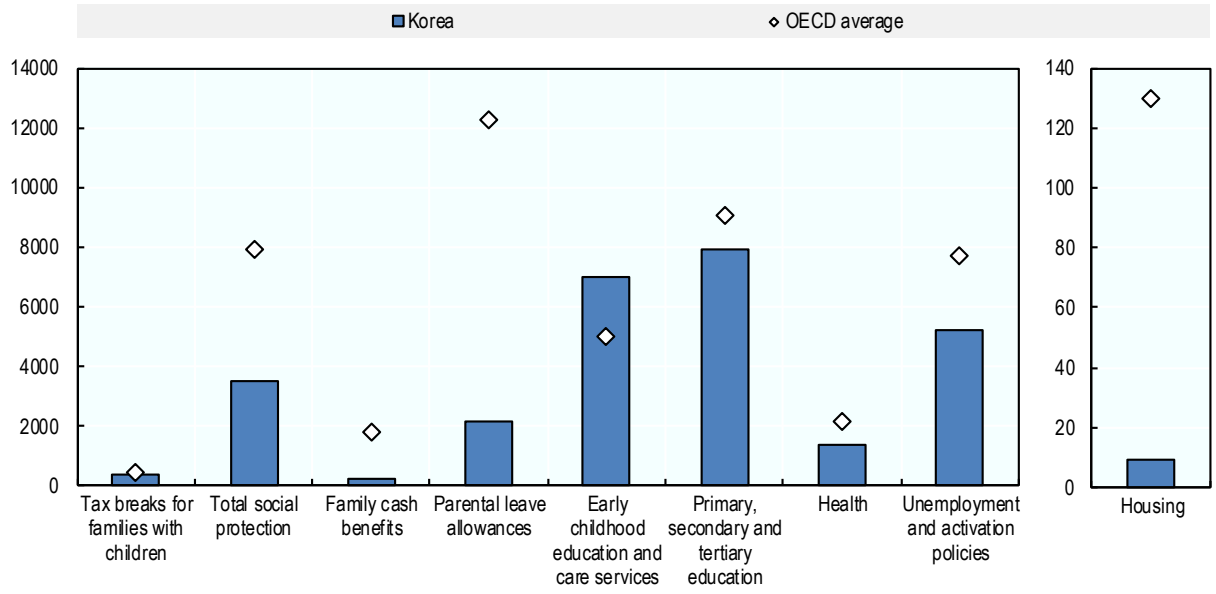
Public support for families is an important lever to help people have children at the time of their choosing. Some family benefits are directly aimed at supplementing families' incomes and reducing the cost of raising children, others "give parents more time" for their work and care commitments, while yet other measures provide support across a wide range of issues that can influence fertility decisions:

- Family cash benefits and tax breaks for families. These include "birth grants" that are paid with the explicit aim of encouraging fertility, usually one-off payments shortly after childbirth. Their effect on fertility is limited: births take place more quickly than in the absence of such payments, but the total number of births does not seem to go up (Thévenon and Gauthier, 2011[57]).
- Paid income support during employment-protected, child-related leave (Chapter 3) and the provision of childcare, education and out-of-school hours care services give parents time to reconcile their work and family life. In particular, formal care support has a positive effect on fertility.
- Support received in-cash and in-kind for housing, health, education and social protection purposes more broadly. By loosening household budget constraints, these supports can encourage fertility.

Per capita spending on social protection in Korea was just below half of the OECD average in 2015 (Figure 5.14): only the level of per capita spending on ECEC services is significantly above the OECD in Korea. By contrast, the amounts spent on public income support during maternity, paternity and parental leave in Korea are well below the OECD average, reflecting its limited use. Per capita expenditure on housing is also much lower than average, as are the per child expenditures on family cash benefit (though they do not account for the September 2018 reform).

Figure 5.14. Per capita expenditures on family and social policies

Per capita expenditures in USD, 2015.



Note: Family benefits include child allowances and credits, childcare support, and single parent payments; income support during leave are categorised in a separate category; Health expenditures include spending on in- and out-patient care, medical goods, and prevention. Tax breaks for families include tax exemptions (e.g. income from child benefits that is not included in the tax base); child tax allowances (amounts for children that are deducted from gross income and are not included in taxable income), and child tax credits (amounts that are deducted from the tax liability). Spending on early childhood education and care include the direct financing or subsidisation of childcare and early childhood education facilities, plus public childcare support through earmarked payments to parents. Government spending on primary, secondary and tertiary education are expressed per full-time student. Housing expenditures include housing allowances and rent subsidies. For each category, the total of expenditures is divided by the approximated population target: the number of children aged 0 to 17 for tax breaks and family benefits; the number of births for spending on leave; the number of children under age 5 for early childhood education and care services; the unemployed population for unemployment and activation policies, and the total number of the population for health and housing expenditures.
Source: OECD Social Expenditures database (www.oecd.org/social/expenditure.htm.) and Educational Finance Indicators.

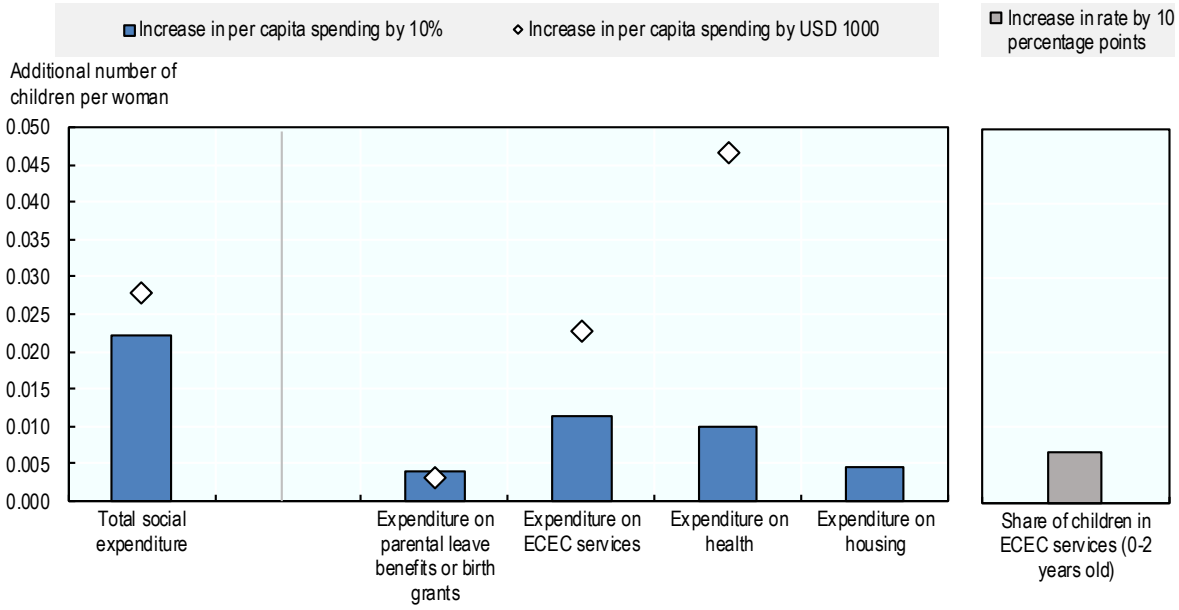
Figure 5.15 presents estimates on the association between the evolution of fertility rates between 2000 and 2015 and changes in public expenditure levels in the different categories across the OECD. It shows the fertility variations associated with a 10% variation in each type of public spending. However, since the current spending varies considerably per category as shown in Figure 5.14, the effect of an absolute change of USD 1 000 in public spending per capita is also shown across the different categories of expenditure. Figure 5.15 leads to the following observations:

- There is a positive association between fertility rates and the per capital level of total social spending.
- Among all categories of social expenditures, the association between fertility rates and per child spending on early childhood education and care services is strongest. However, such spending is already comparatively high in Korea (Chapter 4), so that an increase of USD 1000 per capita would have a more limited effect than if the same amount was spent in other areas, *ceteris paribus*.
- The fertility rate shares a positive association with expenditure on child-related leave, but not with the duration of leave. These expenditures are obviously highly dependent on the use of leave, and this result indirectly suggests that a greater use of leave may be associated with higher fertility.

- Increases in health and housing spending are associated with higher fertility. In addition, due to a comparatively low level of expenditure per capita, the fertility variations associated with a USD 1 000 per capita public spending increase on housing and health are considerable.

Figure 5.15. Estimated fertility response to changes in social spending

Estimated effect of an increase in public spending by spending categories.



Note: The figure shows the effects, all other things being equal, of over time increases in public expenditures by category on the total fertility rate from 2000 to 2016. These estimates are based on a cross-national time-series analysis. A USD 1 000 increase in per capita spending on housing means that it would be multiplied by more than 7 compared to the 2015 average level of public spending in this area. At 0.3 children per woman, the estimated effect of such an increase is out of scale and, for this reason, is not shown in this figure. Estimates based on two-way fixed-effects model with panel-corrected standard errors, and include few other controls. ***, ** and * represent significance at 1%, 5% and 10% level respectively; n.s.: non-statistically significant. Detailed results are available on request.

More research is needed to learn more about how health and housing supports can affect fertility behaviours. Some health expenditures are directly aimed at improving reproductive health, but low health insurance costs will also affect fertility through the relief they give to household budgets (Apostolova-Mihaylova and Yelowitz, 2018[77]). Similarly, more information on the effect of housing policies on fertility is needed. Better health and housing policies are likely to improve life satisfaction and happiness, thereby exercising a positive effect on fertility (Mencarini et al., 2018[34]) (Aassve, Mencarini and Sironi, 2015[78]).

The level of direct financial support to families is low in Korea compared to OECD countries (Chapter 2), and therefore it did not show up as a significant factor in the estimations underlying (Figure 5.15). However, evidence from both cross-national and country-specific analyses suggests that financial support can help to prevent postponement of childbirths and sustain fertility rates (Thévenon and Gauthier, 2011[57]) (Luci-Greulich and Thévenon, 2013[79]). For example, the French policy experience shows that a significant package of financial supports is needed to influence fertility, but that policy design has to be weary of unintended effects on labour supply (Box 5.5),

Box 5.5. The impact of family cash benefits and tax break for families on fertility in France

Family cash benefits and tax breaks for families with children are important measures to supplement family income and increase fertility. The French experience is illustrative because of its extended family support policies and the evidence that is available on the effects of past reform (Thévenon, 2016[80]):

Effect of cash benefits

- Ekert-Jaffé (1986[81]), estimated that the presence of financial benefits (family allowance, the additional benefit for large families on low incomes and the housing allowance) increased fertility by around 0.2 children per woman in France in the late 1970s, and that complete coverage of the direct cost of children could produce a further increase of about 0.3 children per woman.

Effect of tax breaks for families with children

- The reform of the "quotient familial" in 1981 reduced the cost of a third child by increasing the associated tax reduction in family income (for tax purposes it could be counted as an adult, rather than a "half-adult") (Landais, 2004[82]). The effect on fertility is positive, but very small. A 1% change in tax relief for a third child increased the proportion of households with three children by no more than 0.05%. In addition, the reform took 5 to 10 years to take effect. The effect was most pronounced among high-income families, who benefited most from the tax reduction.
- Chen (2011[83]) found that the generosity of tax transfers to families contributes higher fertility among rich rather than poor households in France, in contrast to other European countries and the United States. The author estimated that tax incentives can have a large effect on fertility: a 1% increase in household income generates an average increase of 0.09 children.

Effect of tax-benefit support

Laroque and Salanié (2014[84]) estimated the effect of the tax-benefit system on fertility by using a micro-simulation model, taking into account the possible interactions between different welfare benefits and tax measures as well as interactions between mothers' labour-market and fertility behaviour. The influence of financial transfers on fertility seems to be significant but costly. The provision of one additional unconditional child credit of EUR 150 (USD 170) per month - which would cost about 0.3% of GDP - is estimated to potentially raise fertility by 3.3 points (equal to approximately 0.06 births per woman), while female labour-force participation would be reduced by 0.5 points. The impact varies with birth order, with the strongest effect for the third child.

Although subsidies are important to lower the cost of children, financial subsidies alone are not enough to reduce the social pressure to raise children and deter the young generations from having children. The provision of good quality services is equally important because it saves parents' time - who are particularly under pressure with long working hours - and also to reduce the stress associated with parenting that social expectations generate for children's success. Early childhood and after-school care services are obviously important to avoid having to choose between a career and children. However, to have a bigger impact on fertility, the services must also meet expectations around the quality and well-being of children.

It is important that the different family policy measures of cash, fiscal and in-kind service supports fit together in a seamless system of continuous supports throughout childhood. Once parents feel they can: use parental leave without repercussions, that childcare and other services are of good quality, and they generally have the feeling that having children is compatible with work commitments, they will actually have children. Public support for such a work and family society is indispensable, but also has to be reliable. For family policies to be effective, they have to be trusted. Such trust is gained through the stability and continuity of such policies. The widespread concerns among Korean policy makers surrounding the persistence of low birth rates suggests that a consensus among the political spectrum can be found for years to come to build the stability and continuity that family policy needs to be effective.

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Notes

[1] Childlessness continues to grow for younger generations: (Shin et al., 2018[85]) estimated that 12% of married women and 15% of non-married women born between 1971 and 1974 remained childless at age 40 to 44.

[2] Over the period 2005-2012, the fertility rate increased slightly from 1.08 to 1.30. Lee (2018[19]), suggested this increase was due to the fertility of married women (by 0.44 children per woman), while over the same period the proportion of married women declined, leading to a decrease in the fertility rate of 0.33 children per woman.

[3] Detailed results (available on request) suggest that the association between fertility and working hours is negative as long as working weeks are shorter than 42 hours per week, but positive otherwise. With an average full-time working week of about 47 hours per week in 2016, Korea is far removed from the threshold for which a reduction of average working hours can be expected to have a positive effect on fertility.

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Rejuvenating Korea: Policies for a Changing Society

Korean families are changing fast. While birth rates remain low, Koreans are marrying and starting a family later than ever before, if at all. Couple-with-children households, the dominant household type in Korea until recently, will soon make up fewer than one quarter of all households. These changes will have a profound effect on Korea's future. Among other things, the Korean labour force is set to decline by about 2.5 million workers by 2040, with potential major implications for economic performance and the sustainability of public finances. Since the early 2000s, public policy has changed to help parents reconcile work and family commitments: Korea has developed a comprehensive formal day-care and kindergarten system with enrolment rates that are now on par with the Nordic countries. Korea also has one year of paid parental leave for both parents, but only about 25% of mothers and 5% of fathers use it, as workplace cultures are often not conducive to parents, especially fathers, taking leave. Cultural change will take time, but this review suggests there also is a need for additional labour market, education and social policy reform to help Koreans achieve both work and family aspirations, and contribute to the rejuvenation of Korean society.

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