

Development of Paid Maternity and Parental Leave in Korea, 2000–2020

Introduction

Most developed countries have systems of paid maternity, paternity, and parental leave to reconcile the competing demands of work and childcare on parents. Maternity leave refers to “employment-protected leave of absence for employed women around the time of childbirth,” according to the Organisation for Economic Co-operation and Development (OECD) Family Database. Paternity leave is a similar policy for employed fathers of newborn children to assist with childcare and strengthen early paternal bonding. Parental leave is a policy for employed parents of any sex to take a leave of absence without loss of employment. The Republic of Korea adopted a 60-day paid maternity leave policy in 1953 and a one-year unpaid parental leave policy in 1988. Those policies put the burden of income loss on employers and failed to address the “career breaks” new mothers often felt obligated to take, which kept Korea’s rate of female workforce participation as low as low as 50.3 percent compared with an average rate of 58.7 percent among OECD member states.

Recognizing those issues, the Ministry of Labor decided to accelerate legislation for a paid maternity and parental leave system. In 2000, the ministry coordinated a legislative proposal with members of the labor committee of the National Assembly, working together to overcome opposition and resolve disagreement over how to financially support the system.

Intervention

The Ministry of Labor and members of the labor committee coordinated a legislative proposal to adopt a paid maternity and parental leave system with public funding. Opponents claimed it would be too burdensome for employers as well as taxpayers. Views also differed over the source of financial support for the paid leave system. Some argued that the health insurance system was best suited to fund maternity leave benefits to help new mothers recuperate. However, at the time of discussion, Korea’s health insurance system had recently expanded and was not financially sustainable. Ultimately, reform proponents proposed employment insurance as the funding source for the maternity and parental leave system.

Addressing the Delivery Challenges

Lack of Consensus

To win over opponents to the paid leave system, the labor ministry began with policy research, drawing upon a detailed analysis of the situation by the Korea Labor Institute and Korean Women’s Development Institute. These research institutes found that maternity and parental leave were under-utilized in Korea without public funding. Only 21 percent of employers met the minimum requirements of maternity leave, and only 2.3 percent adopted parental



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PROJECT DATA

SECTOR:

Jobs and Social Protection

DEVELOPMENT CHALLENGE:

Female Employment; Population Policy

DELIVERY CHALLENGES:

Lack of Consensus; Beneficiary Targeting

COUNTRY:

Republic of Korea

REGION:

East Asia and Pacific

PROJECT DURATION:

2000–2020

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leave. To gather scientific evidence of the importance of a paid leave system, Myeong Shin of the labor ministry visited experts in the areas of maternal health, pediatrics, psychiatry, and psychology. Those experts stressed the importance of parental interaction for healthy child development, crucial to sustain national development in the long term. Labor organizations also provided evidence to support the paid leave system and worked with the Korean Women's Development Institute to solidify arguments for the paid leave system. Such cooperation and coordinated messaging helped to overcome opposition in the National Assembly. Reform supporters made the case for the economic benefits of paid leave in the media, as well.

Opponents objected to the cost of the proposed paid leave system as well as its dependence upon employment insurance rather than health insurance. National Assembly member Myeong Sook Han was responsible for persuading trade unions and other workers' organizations to compromise with the labor ministry on the source of public funding. Labor representatives preferred health insurance because it was more universal than employment insurance and would cover more people, including irregular workers. As a compromise, legislators drafted a resolution to subsidize employment insurance to ensure the system's financial stability and also established a long-term plan to shift the funding source from employment insurance to health insurance, covering more beneficiaries. The labor committee approved the final bill nearly unanimously and it passed the plenary session without further debate.

Beneficiary Targeting

In early years of implementation, mothers participated in the leave system far more often than fathers, for practical and cultural reasons. To reduce this imbalance and allow parents to provide more childcare, the labor ministry increased the income replacement rate for fathers taking parental leave after their spouses took leave. This paternal leave bonus paved the way for more active male engagement.

Parental leave became a heated issue in the 2012 presidential campaign, won by Geun-hye Park, who proposed that the national government should provide participating fathers 100 percent of their regular income for 30 days of the first 90 days after birth of a child. However, the first 90 days after birth of a child coincided with maternity leave, while it would be more practical for most two-parent families if men took leave once mothers returned to work after maternity leave. Furthermore, the plan was unfunded. To resolve these issues, the labor ministry held an internal workshop and settled on a final reform to provide 100 percent remuneration for income loss during the first 3 months for the second leave taker.

To announce the reform as a part of female employment policy agenda, the labor ministry held consultations with representatives of employers and employees. The proposal required a financial subsidy from the overall national budget to maintain financial stability for the employment insurance fund. The finance ministry rejected the request at first but finally agreed on the proposal after conducting on-site visits and witnessing the urgency of more public investment to allow new mothers to continue working.

Lessons Learned

Even a newly developed social insurance system can be adapted to fund new benefits.

Developing countries could overcome difficulties in introducing paid leave benefits funded by social insurance by reviewing the funding mechanism and financial stability of each social insurance system. If the social insurance scheme may be too weak and unstable, policy makers might look to other financial sources of support.

Cooperation and advance consultations with interested parties can accelerate the reform process.

Cooperation among legislators, civil society and labor representatives helped the labor ministry settle on practically and political viable options when Korea introduced a paid leave system funded through employment insurance. Advance consultations were also effective in creating incentives for men to use the leave system.

Scientific and statistical evidence can support policy compromises to break political deadlock.

Scientific consensus on the importance of parent newborn bonding in the first months of life contributed to compromises to break political deadlock. The labor ministry was able to draw on testimony from experts in child development to persuade opponents to public investment on paid maternity and parental leave. In addition, evidence compiled by the employment insurance system contributed to efforts to revise the original proposal and develop more effective measurements of progress. The labor ministry's comprehensive statistics on the leave system allowed it to track under-participation by men.

Stopgap compromises can allow incremental progress toward long-term goals.

The legislative subcommittee of the National Assembly drafted a resolution for the government to subsidize employment insurance from its general account and establish a long-term policy agenda to shift to funding through health insurance using subsidies from the general account. The government followed that mandate in the first year of implementation by subsidizing the employment insurance fund to pay for half the costs of providing leave benefits and then continued to subsidize employment insurance to pay for the leave system.

References

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