



Supporting full participation of mothers in the labour market

Childcare-related leave policy lessons from East Asian economies

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Executive Summary

Policy makers should implement alterations to the law in order to support women and families in getting back into the workforce. This policy brief reviews how governments in Hong Kong, Japan, South Korea and Taiwan use paid childcare-related leave policies in supporting women to stay in the labour market. It shows that these policies have not been very successful for two main reasons:

1. The leave is not long enough to cover the whole period from birth to the time when the child is entitled to universal state childcare services or school education.
2. These policies do not address the issue of the gender pay gap and hence overlook the financial loss a family may suffer if the father, instead of the mother, takes a substantial period of time off to look after the children.

Recommendations

To encourage and enable women to participate in the labour market, we recommend that governments should:

1. Expand paid leave for parents to ensure they have enough time and income to look after their children until the children receive state childcare services or education
2. Make pay allowances for parental leave equal for mothers and fathers by using the higher income of the mother or the father as the basis of calculation
3. Reduce the gender pay gap in the labour market and provide equal opportunities for women to pursue a successful career

“To make better use of the resources, we should promote ... adherence to the principles of pro-child, pro-family, pro-work and pro-user.”

(The Chief Executive's 2018 Policy Address, HKSAR)

Introduction

In many economies, women are the main care providers in the family and an essential source of labour in the job market. However, not all women find it easy to meet this double expectation. Some choose, willingly or not, to withdraw from paid work completely or work part-time to allow more time for their families. This leads to a consistently low level of female labour participation. In 2018, across all countries in the Organisation for Economic Co-operation and Development (OECD), the female full time employment rate was 53.2% as compared to 76.1% for male workers (OECD, 2020).

This low level of female labour participation can weaken productivity in the economy. Keeping more women in the labour force and enabling them to contribute to their fullest extent has become a major challenge to many governments. In the past decades, the OECD and the European Union (EU) have promoted a range of work-family reconciliation policies (such as childcare services, paid leave for parents and flexible working hours) to enable women, especially those with young children, to stay in the labour market. These policies serve two purposes: 1. to promote a share of childcare responsibility between the state and the family; and 2. to encourage a share of childcare responsibility between mothers and fathers.



Childcare-related paid leave for parents

There are three main types of childcare-related paid leave for parents in most developed economies:

Maternity leave is generally available to mothers only. It is a form of employment-protected benefit for mothers around the time of childbirth.

Paternity leave is generally available to fathers only to enable them to spend time with their partners and babies soon after the child's birth. Both maternity and paternity leave are individualised and non-transferable.

Parental leave can be provided to mothers and fathers, either as a non-transferable individual right or as a family right that parents can divide between themselves as they choose (Koslowski et al, 2019).

Family care and welfare systems in East Asia

East Asian economies are common in their strong tradition in family care which is mostly provided by women. Some may wonder why East Asian governments want to encourage women to take up paid work. The reasons are twofold.

Firstly, these economies face similar challenges as their Western counterparts in maintaining a sustainable labour force. For instance, South Korea has one of the lowest birth rates; whereas Japan has one of the fastest ageing populations. To compensate for the loss to the labour force of the younger and older generations, their governments are keen to keep female workers in the labour market.

Secondly, their welfare systems are well known for their productive nature, which means social welfare has a primary role in promoting economic production alongside protecting the vulnerable groups. Therefore, support for parents to look after their children is not only for the benefit of the parents but also for promoting economic production.

Childcare-related parental leave in the four East Asian economies

As shown in Figure 1, all the four East Asian economies provide all or some of the three types of paid parental leave. Nevertheless, such provisions do not lead to any major changes in female labour participation. For instance, women's full time employment rate was 57.5% as compared to men's at 84.2% in South Korea in 2018 (OECD, 2020).

There are two main explanations for the unsatisfactory results of these policies.

Firstly, the period of the paid leave is not long enough to cover the whole period from birth to the time when the child receives universal state childcare or school education. As shown in Figure 1, parents in Hong Kong and Taiwan have a total of around three months and 14 months of partially or fully paid leave respectively. However, there is no universal state childcare provision in either place. Apart from some parents who are eligible for state subsidies, most parents have to organise all or some childcare through their immediate or extended families or the private market until their children reach the age of six when they enter compulsory school education. For women who do not have family support or the financial means to pay for private childcare, they would have to leave the labour market to look after the child at home.

Secondly, the difference between the pay received by a father or a mother may discourage parents to share childcare responsibility. As shown in Figure 1, parents in Japan and South Korea have a total entitlement of paid childcare-related leave for around 17 months and 27 months respectively. These policies should provide the incentive for the fathers to take leave to look after their young children. However, a survey in Japan in 2016 shows that only 55.9% of fathers whose spouse gave birth in 2015 took some leave within two months after the birth (Koslowski et al 2019). The low take-up rate of parental leave among fathers can be partly due to the strong tradition of men playing a subsidiary role in childcare. It can also be due to the potentially higher level of income loss associated with the leave taken by the fathers. In 2018, Japan and South Korea had a gender pay gap of 24.5% and 34.6% respectively as compared to the OECD average of 13.5% (OECD, 2020). As shown in Figure 1, the pay allowances over the parental leave period is fixed at the same percentage of the earnings of both mothers and fathers. A family is likely to have a bigger financial loss if the father, instead of the mother, takes time off from work. Hence, some couples may prefer the mother to take longer parental leave or for the father to not take any parental leave at all.

“Governments around the world are paying more attention to gender equality but progress is too slow and uneven...”
(OECD, 2019)



Figure 1. Paid maternity leave, paternity leave and parental leave in four East Asian economies



Sources: *Labour Department, HKSAR (2020) Labour Legislation http://www.labour.gov.hk/eng/faq/cap57h_whole.htm [accessed 7 Feb 2020]; ** Koslowski et al, 2019; ***Bureau of Labor Insurance, Ministry of Labor, 2019; Laws & Regulations Database of the Republic of China, 2020 <https://www.bli.gov.tw/en/> [accessed 7 Feb 2020]



Conclusion

For many governments, maintaining a stable and sufficient labour supply is key to future economic success. Like their western counterparts, governments in the four East Asian economies have taken important steps, including the provision of a variety of childcare-related paid leave for parents, to support female workers with young children to stay in the labour force. Whether these steps are effective or not depends on three conditions:

1. Such provision is sufficient to cover the whole period from childbirth to the time when universal state childcare or school education is available
2. The decision of whether the father or the mother will take parental leave will not lead to a significant financial loss to the family
3. The government is able or willing to tackle some fundamental issues (such as the gender pay gap) in the labour market which prevent women from contributing to the labour market to their fullest extent

Resources

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